

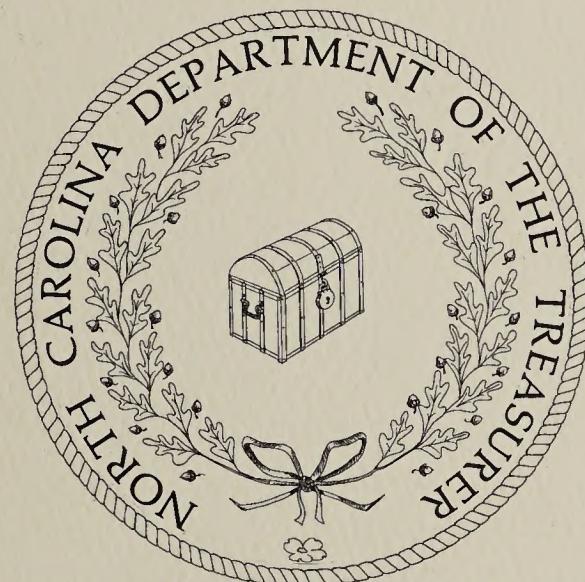
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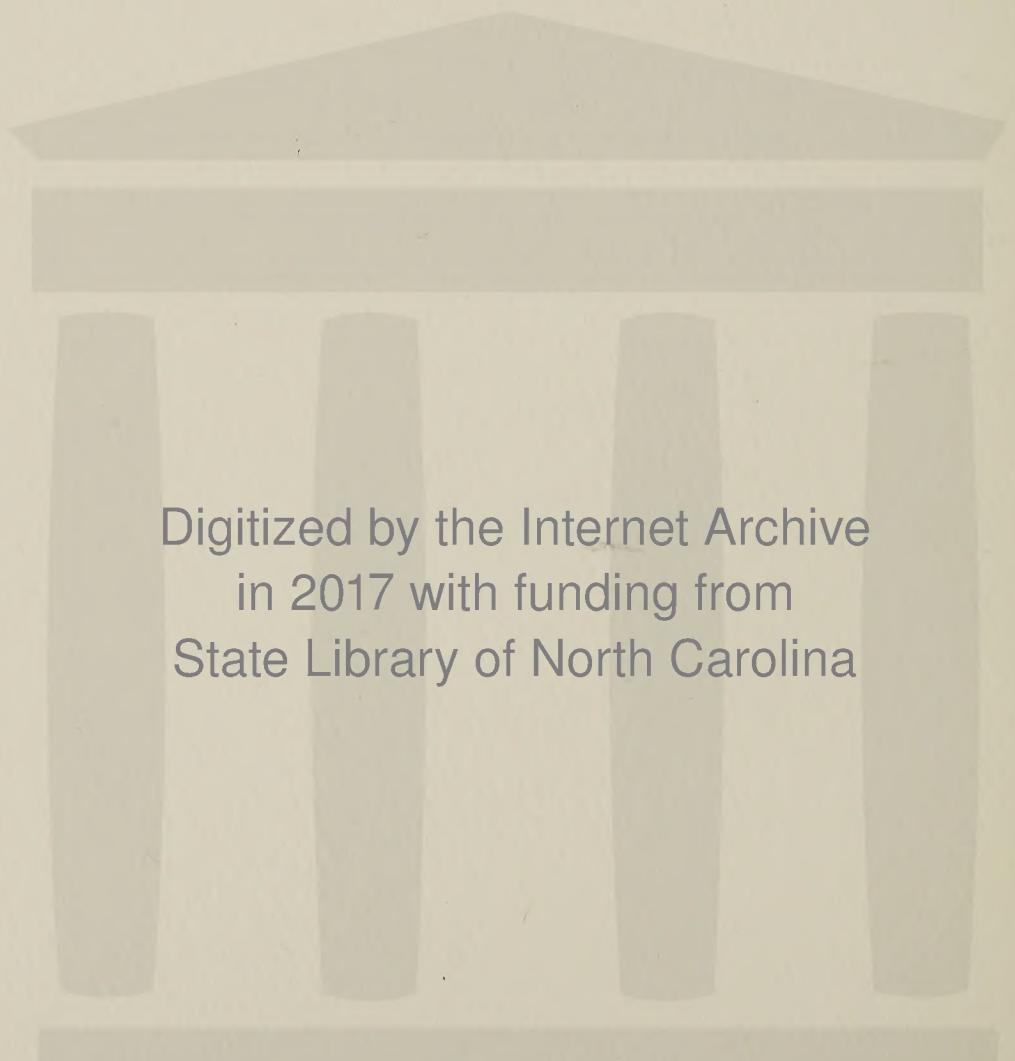
JAN 5 1979

ANNUAL REPORT



NORTH CAROLINA
DEPARTMENT
OF
STATE TREASURER

FISCAL YEAR
1977-1978



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ANNUAL REPORT

July 1, 1977
through
June 30, 1978

NORTH CAROLINA
DEPARTMENT
OF
STATE TREASURER

325 North Salisbury Street
Raleigh, North Carolina
27611



D E D I C A T I O N

To The Memory of Edwin Maurice Gill

1899 - 1978

Secretary to Governor O. Max Gardner	1931-33
North Carolina Paroles Commissioner	1933-42
North Carolina Commissioner of Revenue	1942-49
North Carolina State Treasurer	1953-77



HARLAN E. BOYLES
State Treasurer
325 N. Salisbury Street
Raleigh, North Carolina 27611

January 1, 1979

Honorable James B. Hunt, Jr.
Governor of North Carolina
Advisory Budget Commission
Members of the General Assembly

Gentlemen:

The Report of the State Treasurer of North Carolina for Fiscal Year 1977-78 reveals another successful chapter in the financial history of North Carolina.

The fiscal stability and financial soundness of the State are the guiding principles which govern the operations of the State Treasurer. These principles prescribe the structure, the mode of operation and the objectives presented in this Report.

Accountability is the State Treasurer's mission and I take pride in having been a part of the fiscal life of our great State during the period covered by this report.

Respectfully submitted,

Harlan E. Boyles
State Treasurer



HARLAN E. BOYLES
*State Treasurer
of North Carolina*

TABLE OF CONTENTS

	<u>Page</u>
Dedication.	iii
Letter of Transmittal	iv
Table of Contents	vi
Treasurer's Comments.	1
Organization of Department.	3
Investment and Banking Division	5
Receiving State Monies.	5
Disbursing State Monies	6
The Cash Management Program	6
Retirement and Health Benefits Division	12
Introduction.	12
Teachers' and State Employees' Retirement System of North Carolina.	16
North Carolina Local Governmental Employees' Retirement System	20
Uniform Judicial Solicitorial and Clerks of Superior Court Systems.	24
Legislative Retirement Fund	26
Health Benefits Program for Teachers and State Employees	27
North Carolina Public Employees' Social Security Agency	29
The State and Local Government Finance Division	31
Debt Management	32
Fiscal Management	34
Municipal Board of Control.	36
Escheat Fund.	37
The Administrative Services Division.	39
Word Processing	40
Data Processing	41
Special and Technical Operations.	41
Exhibits and Supporting Statements.	44-A

TREASURER'S COMMENTS

The Constitution of North Carolina provides that there shall be a State Treasurer, whose duties shall be prescribed by law. The principal duties, so prescribed, are to serve as the State's chief fiscal officer and as manager of the State's debt. These principal duties encompass the receipt, custody, and investment of the State's monies and timely payment of its debts.

Growth and change in the State's economy have been paralleled by an increase in the number and complexity of the duties of the State Treasurer. The General Assembly, recognizing these profound changes, created the Department of State Treasurer to enable the Treasurer to fulfill his duties.

The Department consists of three operating and one service division, each of which will be subsequently described in more detail in this Report. It is authorized to employ 179 persons, and as of June 30, 1978, had 172 employees assigned to duty.

A substantial portion of the time and effort of the State Treasurer and the Department is devoted to the management and the investment of monies of the State and of trust funds of various public bodies. During fiscal 1977-78, the average daily balance of State monies exceeded \$1 billion, which yielded investment income of over \$54 million during the fiscal year. Trust fund monies invested exceeded \$3.3 billion by the end of fiscal year 1977-78. Trust fund earnings on investments during that period were \$273 million. The vast majority of the trust funds managed by the Department of State Treasurer are vested in the several retirement systems administered by the Department. As of December 31, 1977, there were 296,745 active members in the retirement systems. There were 38,704 retired members, who received \$123,317,904 in retirement benefits during calendar year 1977. It is worthy of note that the retirement systems are funded on a full actuarial reserve basis and are financially and actuarially sound--a boast that many public, as well as private retirement systems cannot make.

The long established principles of borrowing only for essential purposes and maintaining a balanced budget are fundamentals which have brought North Carolina an enviable national reputation. Adherence to these principles has resulted in State and local government bonds being granted advantageous ratings by national rating agencies vis-a-vis many other states. Such ratings, of course, mean that the bonds may be sold at very favorable interest rates, with ultimate savings of millions of dollars to the taxpayers of North Carolina. The determination of the voters that the State maintain good fiscal policies was recently demonstrated by the passage of a constitutional amendment requiring the adoption and administration of a balanced budget. The true significance of this act of the people can be more fully appreciated from the fact that the General Statutes already required a balanced budget.

Voter approval was given on November 8, 1977, for the issuance of \$300 million of Highway Bonds and \$230 million of Clean Water Bonds. These bonds will be sold by the Department's Division of State and Local Government Finance over the next several years. The additional indebtedness created by these bonds is well within the capacity of the State to pay and we anticipate a receptive market for the bonds as and when offered.

The Treasurer, through the Local Government Commission, authorizes the issuance of bonds for all political subdivisions of the State. These bonds are subsequently marketed by the State and Local Government Finance Division. Local governments must demonstrate to the Division the economic feasibility of entering into contractual debt arrangements. The Department of State Treasurer exercises sufficient fiscal control over the finances of local units of government to assure the timely payment of all principal and interest. In this context the fiscal integrity of the subordinate levels of government is of primary interest to the Treasurer. During the 1977-78 fiscal year local bonds in the amount of \$276,541,000.00 were authorized.

Sound fiscal and business management practices have long guided the Department of State Treasurer in performing its duties. Significant organizational and functional changes evolved in 1977-78, which have effected savings in money, manpower and time. Management tools such as internal audits and frequent operating evaluations have been utilized to achieve the best results obtainable in specific areas of responsibility of the State Treasurer. The Department, as an important part of State government, must continually undergo self-appraisal and change. It is noteworthy that many innovations and practices have been instituted during the past eighteen months at no additional cost to the taxpayers of the State. The net effect of these innovative efforts has been greater effectiveness of operations. Such improved operational and fiscal efficiencies have helped the Department proceed far along the road toward its ultimate goal - the highest quality performance for the lowest cost.

ORGANIZATION

Chart I

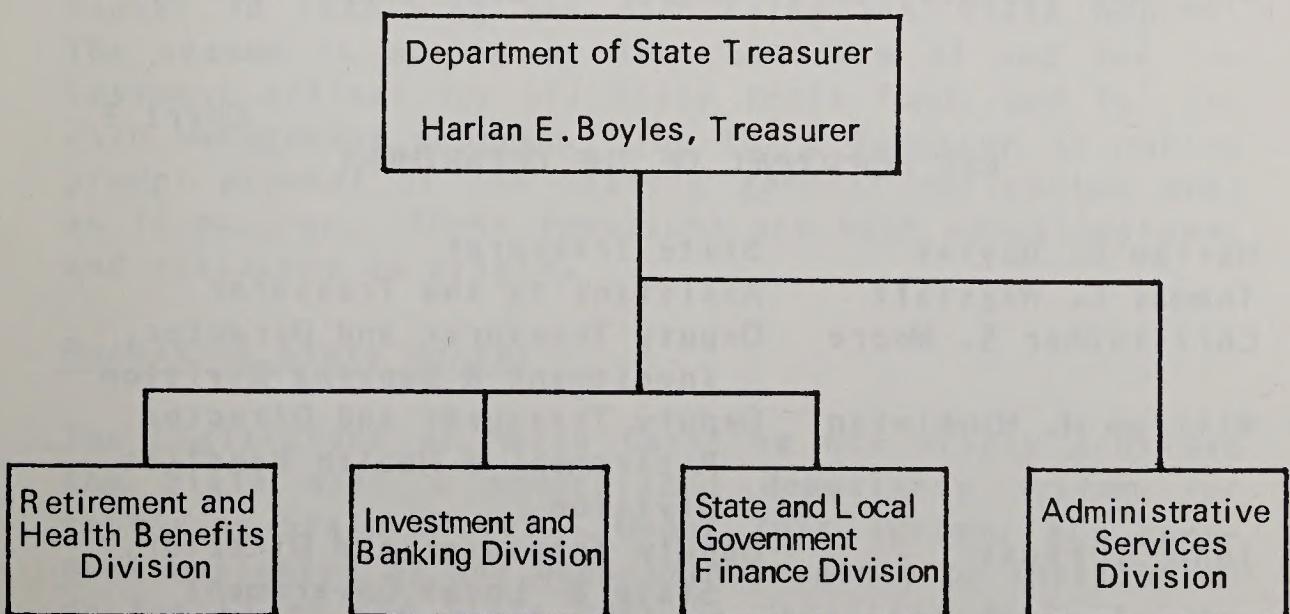


Chart 2

EX OFFICIO FUNCTIONS OF THE STATE TREASURER

The State Treasurer is a member ex officio of public policy bodies. The following listing indicates those of major importance:

<u>Public Body</u>	<u>Office</u>	<u>Authority</u>
Council of State	Member	N.C. Constitution Article III, Section 8
Local Government Commission	Chairman	G.S. Chapter 159-3
The State Banking Commission	Chairman	G.S. Chapter 53-92
Boards of Trustees- Retirement Systems	Chairman	G.S. Chap. 135-6(g)
Tax Review Board	Chairman	G.S. Chap. 105-269.2
Board of Education	Member	N.C. Constitution Article IX, Section 4
Capital Planning Commission	Member	G.S. Chap. 143B-373
N.C. Capital Building Authority	Member	G.S. Chap. 129-40
N.C. Art Society, Inc.	Member	G.S. Chap. 143B-89

Chart 3

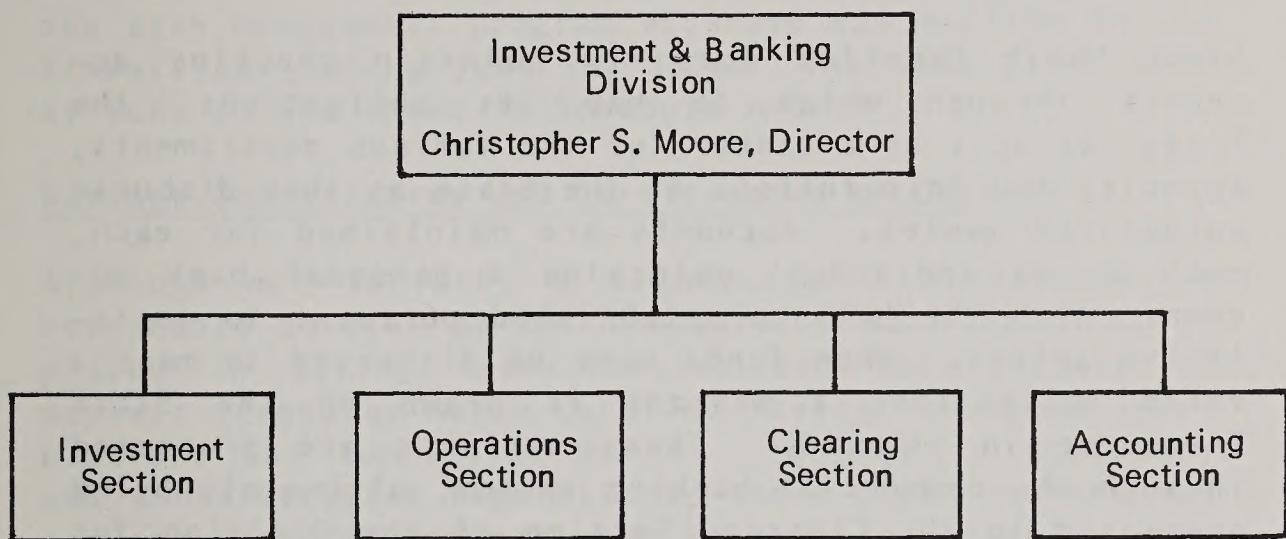
KEY PERSONNEL OF THE DEPARTMENT

Harlan E. Boyles	State Treasurer
Thomas C. Wagstaff	Assistant to the Treasurer
Christopher S. Moore	Deputy Treasurer and Director, Investment & Banking Division
William H. Hambleton	Deputy Treasurer and Director, Retirement & Health Benefits Division
John D. Foust	Deputy Treasurer and Director, State & Local Government Finance Division
James C. Moore	Deputy Treasurer and Director, Administrative Services Division

THE INVESTMENT AND BANKING DIVISION

Chart 4

ORGANIZATION



Purpose and Functions

The Division of Investment and Banking is organized to carry out three of the State Treasurer's primary functions. The first of these is acting as the State's banker in receiving and disbursing all State monies. The second is acting as the custodian of and the investment officer for all State trust funds and for the cash management program. The third function is making prompt payment of the State's general obligation debt as it matures. These functions are both constitutional and statutory in origin.

Receiving State Monies

The Legislature of North Carolina has wisely provided the State with a centralized depository system for receiving State monies. Under this system, all revenues collected by any department, agency or institution on behalf of the State must be deposited daily to the account of the State Treasurer, in a bank designated by him for that purpose. A companion provision requires that the Treasurer be promptly notified of such de-

posits. This procedure assures that the State will be the primary beneficiary of the flow of funds through its accounts in the course of conducting the State's business.

Disbursing State Monies

Since North Carolina does not maintain checking accounts through which to pay its obligations, the Treasurer acts as a banker for the various departments, agencies and institutions of the State as they disburse authorized monies. Accounts are maintained for each, much as an individual maintains a personal bank account, with the balance established pursuant to legislative action. When funds must be disbursed to meet a valid obligation, a warrant is drawn on the State Treasurer in payment. These warrants are processed through the commercial banking system, ultimately being presented to the Clearing Section of the Division for payment. They are then charged against the proper account, and the bank is reimbursed through the central clearing accounts. A total of 8,957,300 warrants, with a value of \$7,725,310,204, were processed by the Clearing Section during the fiscal year ending June 30, 1978.

The Cash Management Program

In order to mobilize statewide receipts, the Accounting Section drafts into the central clearing accounts in Raleigh the monies deposited throughout the State in the designated collection accounts. By this process of concentration, funds which had little impact when scattered around the State become an important potential source of non-tax revenue. The cash position of the State Treasurer at June 30, was \$1,133,485,896.72 as shown in Exhibit A.

The Investment Management Section of the Division computes daily the "idle" cash which is available for investment. This figure is based on the ending balances of the previous day, plus or minus the net difference between the certified deposits and the disbursing warrants for the current day. The calculation is completed by 10:00 a.m., and the excess cash in the State Treasurer's central clearing accounts is invested in

highly liquid, short-term securities, as provided by law. Because the Treasurer's cash balances are ultimately subject to disbursement upon presentation of valid warrants, the primary considerations in making investments are liquidity and safety; and the secondary consideration is income. Nevertheless, revenues from the cash management program exceeded \$54 million in the fiscal year ending June 30, 1978. The securities held at June 30 are shown in Schedule A-3.

Savings Certificates and Certificates of Deposit

Although not strictly a highly-liquid investment, a reasonable portion of the Treasurer's cash balances is placed in savings certificates and certificates of deposit issued by North Carolina savings and loan associations and commercial banks. Subject to statutory and administrative regulations, these organizations may request such investments when funds are available. The Council of State, upon the Treasurer's recommendation, sets the rate of return -- which by State law may not be less than that available from U.S. Government securities of comparable maturity. Treasurer's investments and interest are shown on Chart 5 below. The current practice is to issue such certificates for a term of six months. Maturities are scheduled to fall due weekly, in order to afford a measure of liquidity. Interest rates on savings certificates and certificates of deposit are shown on Exhibit B.

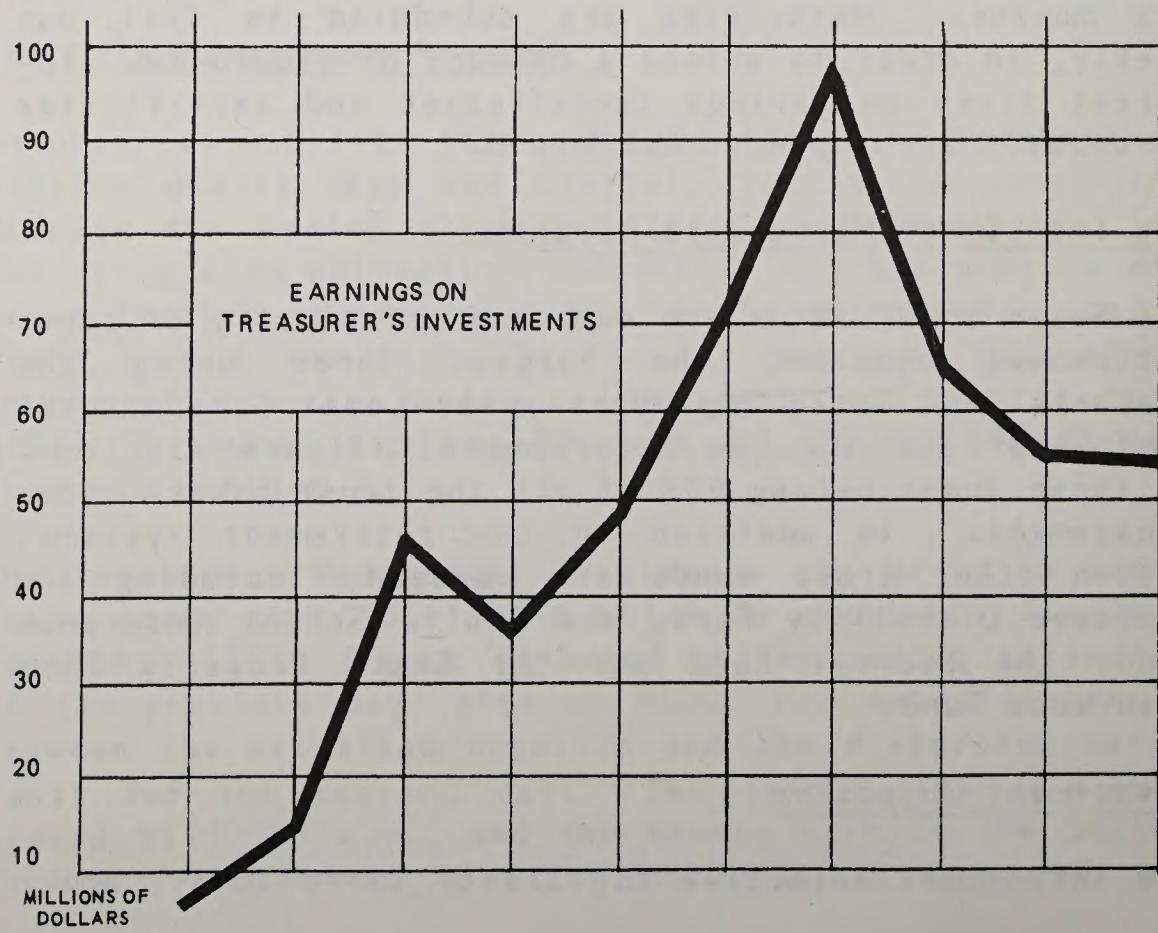
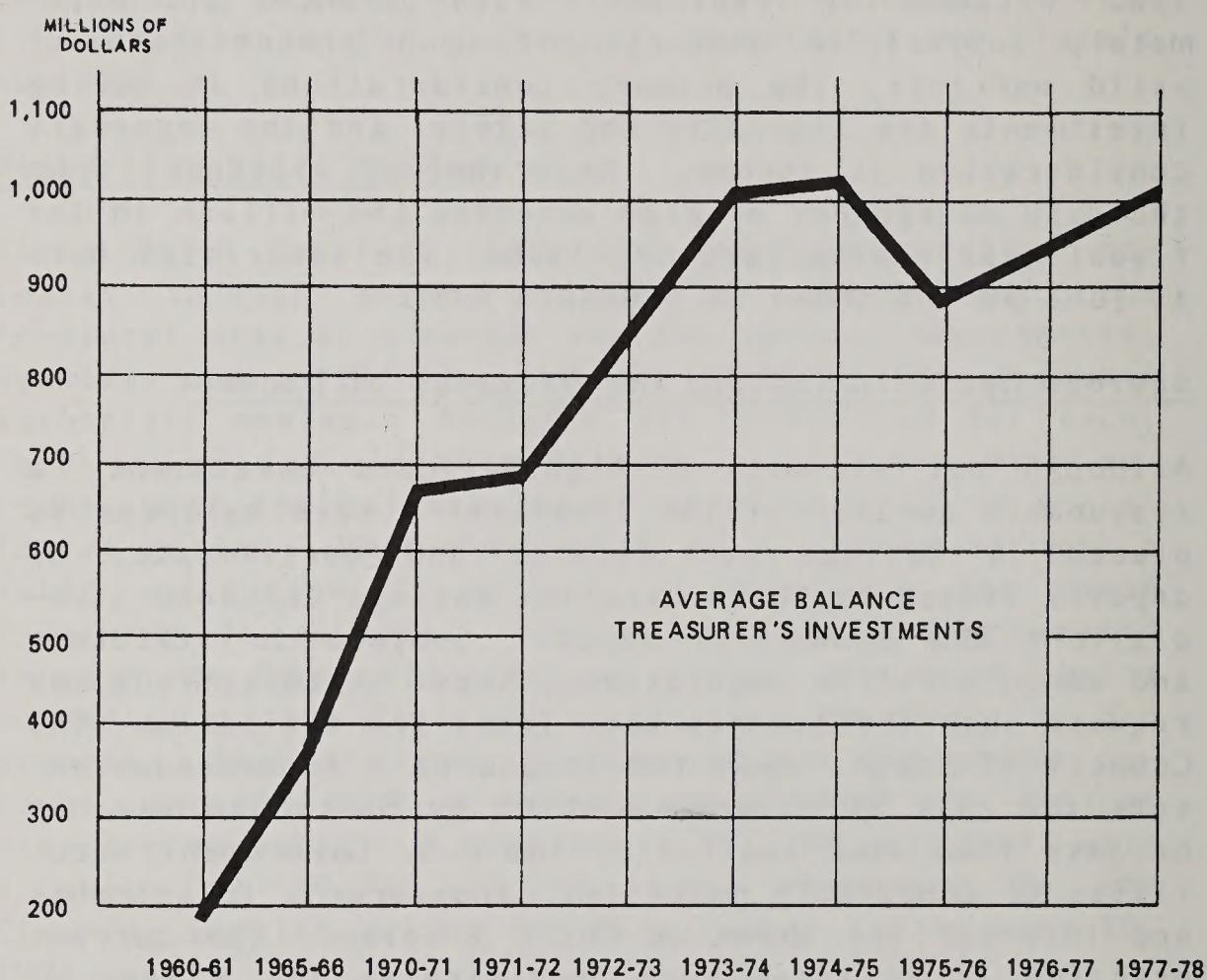
The Investment Management Program

The State trust funds are composed principally of seven retirement systems, the largest three being the Teachers' and State Employees', the Local Governmental Employees' and the Law Enforcement Officers' Systems. To these funds belong 98% of all the trust assets under management. In addition to the retirement systems, eleven other trust funds are managed, including the Employee Disability Fund, the Public School Insurance Fund, the Escheat Fund and the State Property Fire Insurance Fund.

Investment Objective

The investment objective for all of these funds, which

TREASURER'S INVESTMENTS



are generally long-term in nature, is that of the highest yield consistent with safety of principal. Prudence in discharging this fiduciary obligation requires that the assets owned be constantly under review, so that opportunities in the secondary markets to improve the quality and/or the maturity yield are not overlooked.

Inviolability of Funds

Each trust fund has specific legislation addressing the investment of its assets. Several retirement systems share the same investment statutes and the integrity of the systems is further protected in Article V, Section 6, of the North Carolina Constitution which provides that retirement system funds shall not be used "for any purpose other than retirement system benefits and purposes, administrative expenses and refunds"; and also that such funds "shall not be applied, diverted, loaned to, or used by the State, any State agency, State officer, public officer, or public employee."

Nature of Investments

The two largest retirement systems, the Teachers' and State Employees' and the Local Governmental Employees', own common stocks as part of their investment programs. Statutory requirements regarding quality are high, but sufficiently broad to afford adequate diversification. The equity investment portfolio is limited by law to a maximum of 25% of total assets, although in practice this figure has never been reached.

The balance of the assets are restricted by statute to high-grade, fixed-income obligations. The quality distribution of the consolidated Trust Fund fixed-income portfolio at June 30, 1978, was as follows:

Chart 6
FIXED INCOME SECURITIES

<u>Quality</u>	<u>Distribution</u>
AAA	55%
AA	31
A	14
	100%

The average maturity of the portfolio was 22.7 years, the average coupon was 7.15% and the average yield was 7.66%. Including common stocks, the over-all yield of the total trust fund portfolio was 7.11% at June 30, 1978. The statement of trust investments is shown as Exhibit C.

Chart 7

CONSOLIDATED STATEMENT
OF TRUST FUND INVESTMENTS

<u>Year Ended</u>	<u>Invested Balance</u>	<u>Yield</u>
June 30, 1965	520,519,000.00	4.04
June 30, 1970	1,041,135,000.00	5.42
June 30, 1975	2,145,880,000.00	6.62
June 30, 1976	2,575,000,000.00	6.82
June 30, 1977	2,947,000,000.00	6.89
June 30, 1978	3,378,000,000.00	7.11

Treasurer's Policy

In all transactions executed, both for the Treasurer's cash management program and for the trust fund portfolios, the Investment Management Section pursues the objective of doing business in-state, whenever it can be done at no disadvantage to the program or to the portfolio involved. This is the stated policy of the Treasurer.

Prompt Payment of the State's Debt

The Investment Management Section is responsible for having "readily available funds" in the hands of the paying-agent bank on a timely basis to meet the maturing principal and interest of the State's general obligation debt. This function is vital to the maintenance of our "AAA" rating. Although such funds belong to the bondholders on due date, they are kept invested through the cash management program for as long as possible under the current debt service agreement.

Other Services

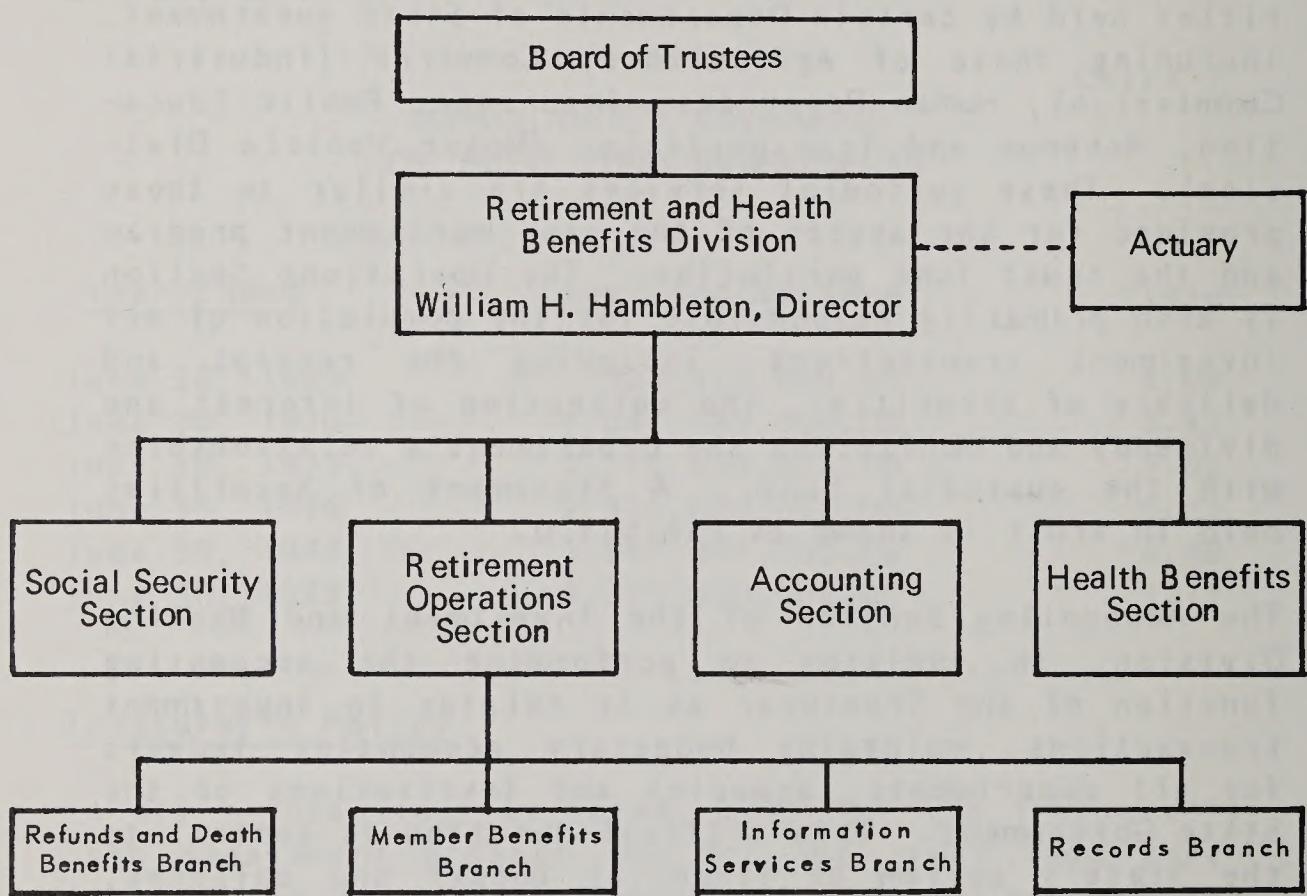
In other areas of responsibility, the Treasurer, through the Operations Section of the Investment and Banking Division, provides custodial services for securities held by certain Departments of State government, including those of Agriculture, Commerce (Industrial Commission), Human Resources, Insurance, Public Education, Revenue and Transportation (Motor Vehicle Division). These custodial services are similar to those provided for the assets of the cash management program and the trust fund portfolios. The Operations Section is also primarily responsible for the completion of all investment transactions, including the receipt and delivery of securities, the collection of interest and dividends and monitoring the Department's relationships with the custodial bank. A Statement of Securities held in trust is shown as Exhibit D.

The Accounting Section of the Investment and Banking Division, in addition to performing the accounting function of the Treasurer as it relates to investment transactions, maintains budgetary accounting ledgers for all departments, agencies and institutions of the State Government. This critical function is central to the State's system of financial checks and balances, and therefore to its credit standing and reputation for fiscal integrity.

RETIREMENT AND HEALTH BENEFITS DIVISION

Chart 8

ORGANIZATION



INTRODUCTION

The Retirement and Health Benefits Division of the Department of State Treasurer provides North Carolina's public employees with retirement allowances, as deferred payments of salary, and other fringe benefits as part of a total package of compensation. This package is designed to aid in the recruitment and retention of competent employees in the public service. It also adds to the efficiency of public employees by giving them a measure of freedom from the apprehension of old age and disability.

This Division administers the statutory retirement systems and benefit programs assigned by law to the Department of State Treasurer. More than 400,000

active and retired public employees, and beneficiaries and their dependents owe a large part of their financial security to the State's recognition of the need for comprehensive employee benefit programs. These programs are funded in an actuarially sound and systematic manner.

It is the fiduciary responsibility of this Division to administer the retirement systems and benefit programs with policies that answer to two constituencies. The first constituency being the people of North Carolina who demand honest, efficient, and useful expenditures of their tax dollars. The second being our public employees who demand the same honest and efficient use of their contributions and a just reward for their service to the people of North Carolina.

The management of the retirement systems and benefit programs is the responsibility of the State Treasurer, as provided by the "Executive Organization Act of 1971", with Boards of Trustees establishing policies and regulations. Program administration and operation is delegated to the Retirement and Health Benefits Division.

On April 4, 1978, a Management Audit of the Retirement and Health Benefits Division was completed. The purpose of the Management Audit was to improve operations and to establish an organization more in harmony with current needs and future requirements anticipated for the Division. The audit was performed by the Office of Administrative Analysis (OAA) of the Department of Administration in cooperation with several selected staff from the Department of State Treasurer. At the present time, the Division is implementing the recommendations made by the management audit and has already completed over one half of the goals established by the Audit. The goals to be accomplished were staggered in phases so productivity would not be adversely affected. When these phases are all fully implemented, the Retirement and Health Benefits Division will have undergone some vast reorganizations, which will allow it to function with greater efficiency and provide better service to its members.

The administrative expenses of the retirement systems in the Division are paid by receipts from the retirement systems based upon a pro rata charge which reflects the number of members in each system to the total universe of members in all systems. The administrative expenses of other statutory programs are paid by appropriations by the General Assembly on a similar basis.

All retirement systems and benefit programs in the Division are operated on a calendar year, rather than the State's fiscal year, basis. For this reason, all data shown for the Division are for the captioned calendar year ending December 31.

Funding Provisions

All retirement systems, except the Legislative Retirement Fund, are joint contributory defined benefit plans with contributions made by both employees and employers. Each active member contributes six percent (6%) of his compensation for creditable service by monthly payroll deduction. Employers make monthly contributions based on a percentage rate of the member's compensation for the month. Employer contribution rates, as set by the Boards of Trustees, are actuarially calculated on a level full funding basis using the entry age normal cost method.

Contributions from employees are accounted for in the Employee Reserve (Annuity Savings Fund). The amounts in the Employee Reserve are liabilities payable to the employee if he elects to withdraw from the retirement system after leaving service creditable to the system and before retirement. Contributions from employers are accounted for in the Employer Reserve (Pension Accumulation Fund). When a member retires, the amount of his accumulated contributions is transferred from the Employee Reserve to the Annuitant Reserve and an amount of employer contribution, to equal the present value of the retiree's future benefits, is transferred from the Employer Reserve to the Annuitant Reserve. Each year in which there is any increase in benefits payable to present retirees, a sum equal to the present value of that increase is also transferred from the Employer Reserve to the Annuitant Reserve.

Distribution of Income

Investment income is accounted for in the various reserves in the following order: (1) investment income is transferred to the Employee Reserve in the amount of the interest credited to the member's annuity savings accounts at the rate of four percent (4%) on the beginning year balance; (2) investment income is transferred to the Annuitant Reserve in an amount equal to the actuarial interest rate assumption times the average balance in the Reserve.

Actuary's Valuation

The Actuary's Valuation Balance Sheet for each retirement system, other than the Legislative Retirement Fund, is shown with the accounting statements of each respective system. The valuation provides the basis upon which to determine the long-range financial soundness of a retirement system. This compares the present value of all future benefit payments with the sum of the present assets and the present value of all future contributions from employers and employees. Technical terms applicable to the valuation are defined immediately preceding the accounting statements.

Financial Condition

The financial condition and actuarial soundness of a retirement system can be judged on the basis of the accumulated assets, the actuarial assumptions, and the actuarial cost method used to arrive at the employer's rate of contribution. All retirement systems, except the Legislative Retirement Fund, are being funded on a full actuarial reserve basis using methods approved under the Employee Retirement Income Security Act of 1974 (ERISA) for the use of non-governmental employers. The consistent use over the years of proven actuarial assumptions and approved actuarial cost methods and the recognition of all promised benefits in the accrued liabilities, have resulted in retirement systems which are financially and actuarially sound.

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA (STATE SYSTEM)

N.C.G.S. 135-1 Through 135-18.5

The State System has the largest assets and membership of the retirement systems. The State System provides benefits to all full-time teachers and State employees in all public school systems, universities, departments, institutions, and agencies of the State. The General Assembly enacted the Teachers' and State Employees' Retirement Act, that was effective on July 1, 1941, creating the State System.

This System began operations with a membership of 42,878 teachers and State employees and with appropriations from the State of \$1,838,000. The membership of the State System has grown over the years in proportion to the growth in size and complexity of the public schools and the State government. The membership of the State System at December 31, 1977 and 1976 was as follows:

Chart 9
MEMBERSHIP

	<u>1977</u>	<u>1976</u>	Percentage <u>Increase</u>
Number of Active Member Accounts	224,044	215,779	4%
Number of Retirement Members & Beneficiaries Accounts	<u>32,173</u>	<u>29,724</u>	8%
Total Accounts	256,217	245,503	4%

New enrollments, withdrawals and retirements of members of the State System during the calendar years ended December 31, 1977 and 1976 are as follows:

Chart 10
MEMBERSHIP CHANGES

	<u>1977</u>	<u>1976</u>	<u>Percentage Increase</u>
Enrollments	25,141	23,512	7%
Withdrawals	16,876	17,961	(6%)
Retirements	3,217	3,469	(7%)

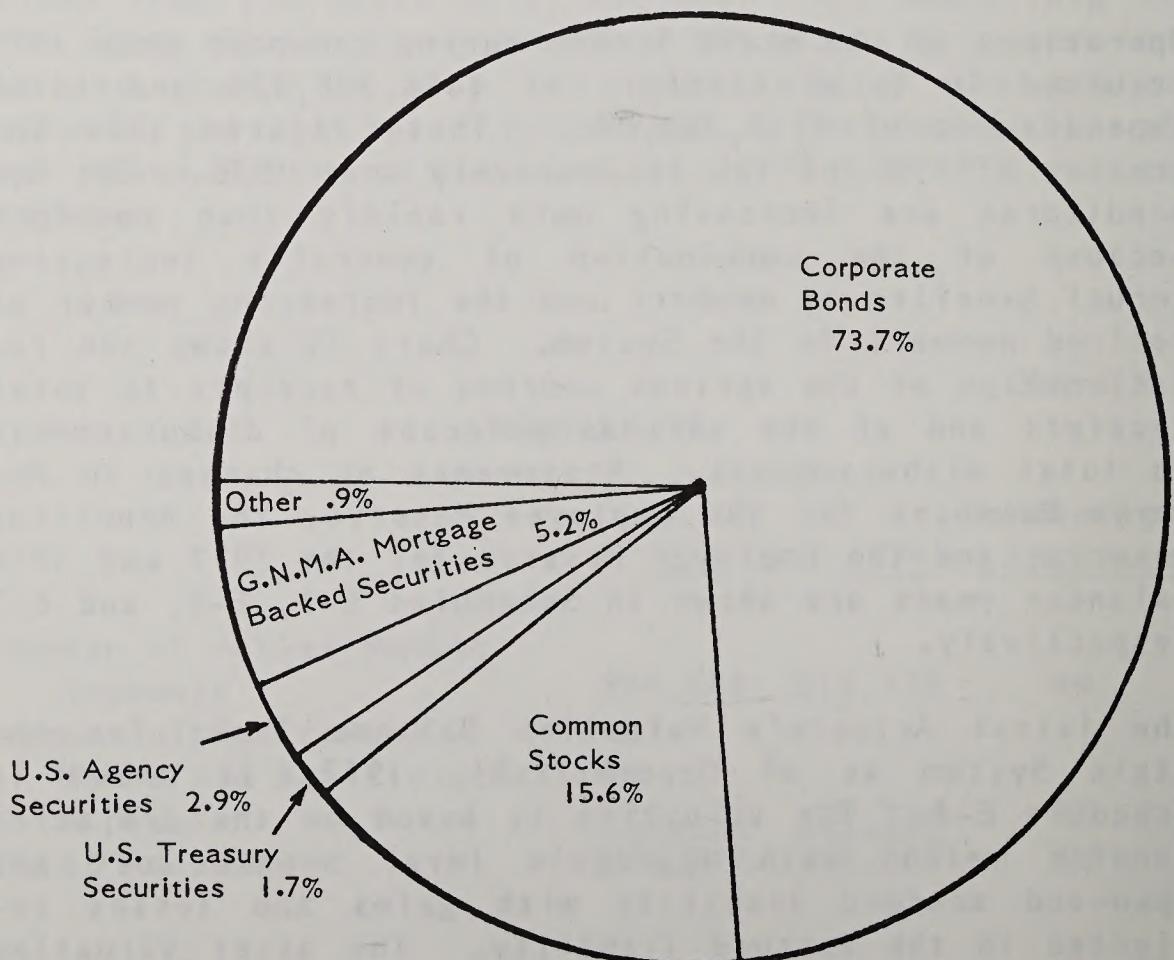
The Statement of Assets, Liabilities and Reserve Balances of the State System as they existed at December 31, 1977 and December 31, 1976 is shown in Exhibit E. This Statement indicates a 14% growth in net assets of the State System during the 1977 calendar year. A percentage distribution by type of the investments of the assets of the State System is shown on Chart 11.

Operations of the State System during calendar year 1977 resulted in total receipts of \$464,398,329 and total expenditures of \$136,203,065. These figures show increases of 15% and 19% respectively over 1976. The expenditures are increasing more rapidly than receipts because of the combination of generally increasing annual benefits to members and the increasing number of retired members in the System. Chart 12 shows the relationships of the various sources of receipts to total receipts and of the various purposes of disbursements to total disbursements. Statements of changes in Reserve Balances for the Employee Reserve, the Annuitant Reserve, and the Employer Reserve for the 1977 and 1976 calendar years are shown in Schedules E-1, E-2, and E-3 respectively.

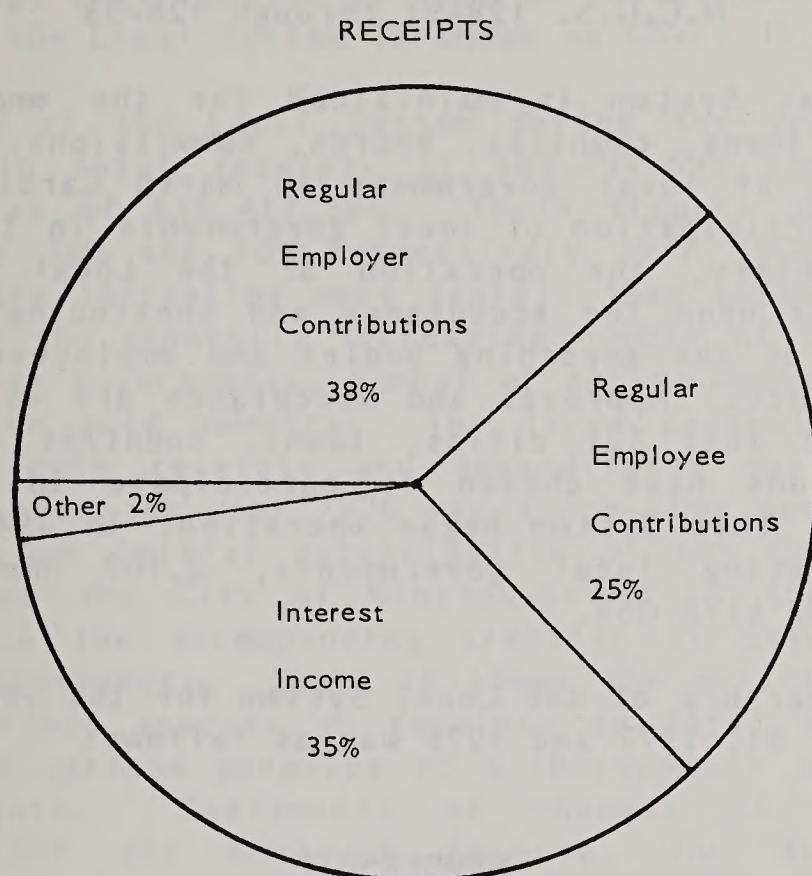
The latest Actuary's Valuation Balance Sheet for the State System as of December 31, 1977, is shown in Schedule E-4. The valuation is based on the projected benefit method with aggregate level normal cost and open-end accrued liability with gains and losses reflected in the accrued liability. The asset valuation method is based on cost value. The actuarial economic assumptions are an interest rate of 6% per year and compatible future rates of salary increase. The assumed rates for mortality, withdrawal, disability, and service retirement are based on actual experience.

Based on the actuary's report, the Board of Trustees set the employer contribution rate at 9.12 percent of covered payroll. On this basis, the total employee and employer rate of contribution is adequate to fund all future benefits based on current service and to fund, over 24 years from December 31, 1977, the remaining accrued liability for past service, with sufficient reserves available to provide a 4 percent post-retirement increase in allowance effective July 1, 1979, in addition to the 6 1/2 percent increase already scheduled effective July 1, 1978.

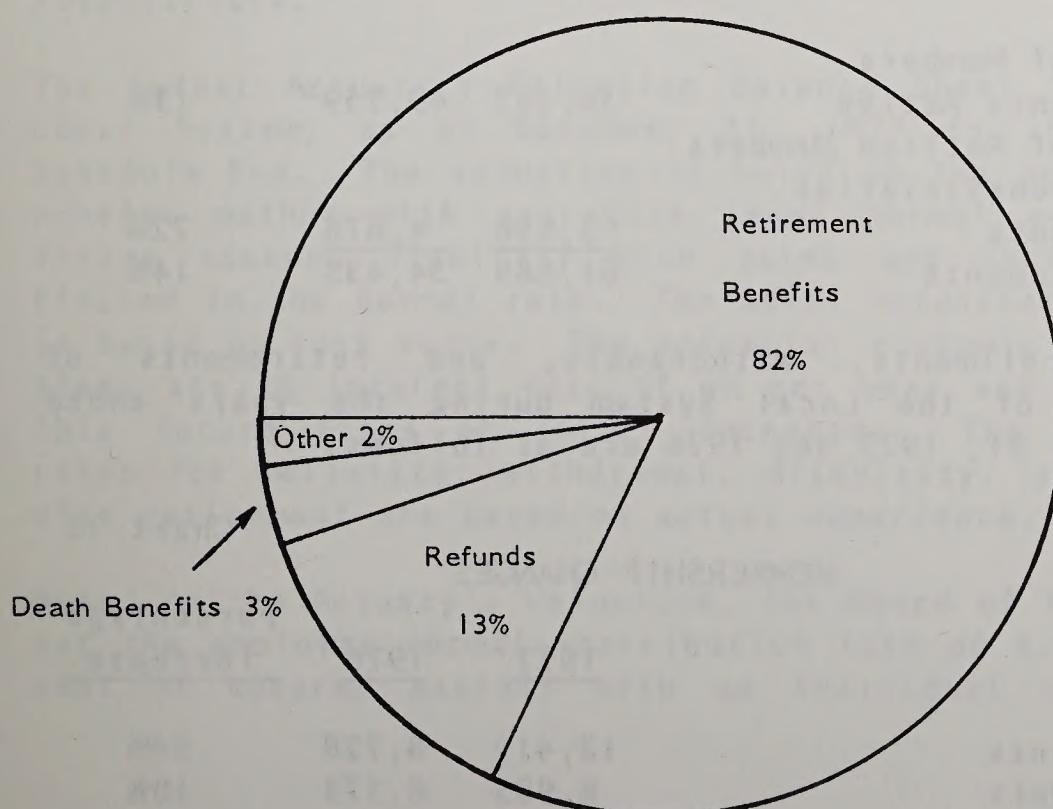
Chart II
DISTRIBUTION OF INVESTMENTS - December 31, 1977
State System



RECEIPTS AND DISBURSEMENTS - 1977
State System



DISBURSEMENTS



NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM (LOCAL SYSTEM)

N.C.G.S. 128-21 Through 128-38

The Local System is maintained for the employees of cities, towns, counties, boards, commissions, and other entities of local government in North Carolina. Because participation of local governments in this System is voluntary, the operation of the Local System is dependent upon the acceptance and continuing financial support of the governing bodies and employees of local governments. Approval and acceptance are evidenced by the fact that 521 cities, towns, counties, and local commissions have chosen to participate in the Local System. This System began operations in 1945 with 18 participating local governments, 2,102 members, and assets of \$178,053.

The membership of the Local System for the years ended December 31, 1977 and 1976 was as follows:

Chart 13

MEMBERSHIP

	<u>1977</u>	<u>1976</u>	<u>Percentage Increase</u>
Number of Members			
Accounts Active	56,193	49,759	13%
Number of Retired Members and Beneficiaries			
Accounts	5,696	4,676	22%
Total Accounts	61,889	54,435	14%

New enrollments, withdrawals, and retirements of members of the Local System during the years ended December 31, 1977 and 1976 are as follows:

Chart 14

MEMBERSHIP CHANGES

	<u>1977</u>	<u>1976</u>	<u>Percentage Increase</u>
Enrollments	13,419	8,728	54%
Withdrawals	6,985	6,373	10%
Retirements	1,170	673	74%

The Statement of Assets, Liabilities and Reserve Balances of the Local System as they existed at December 31, 1977 and December 31, 1976 is shown in Exhibit F. A percentage distribution by type of investments of the assets of the Local System is shown on Chart 15.

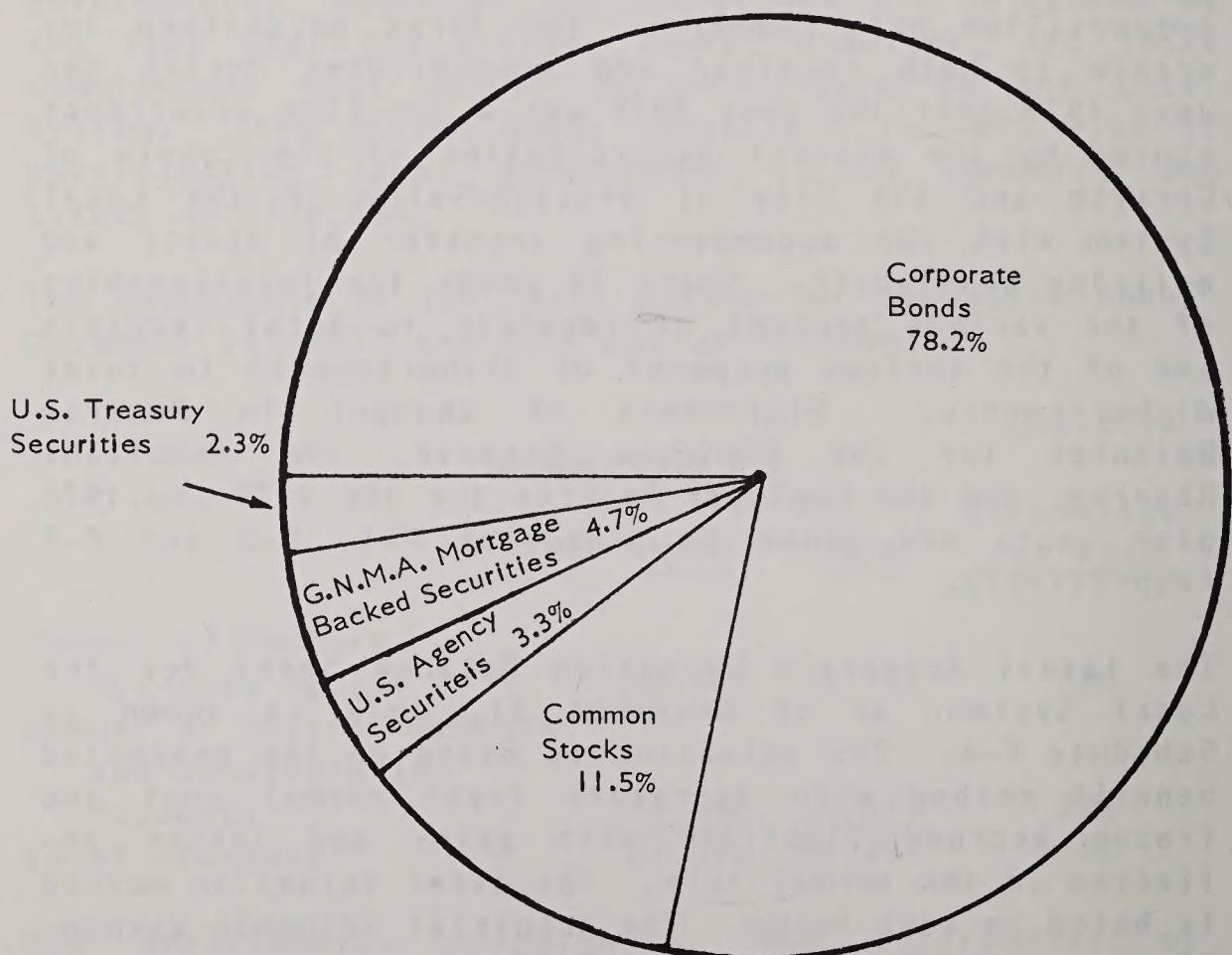
Operations of the Local System during the year 1977 resulted in total receipts of \$88,794,592 and total expenditures of \$18,417,394. These figures show increases of 56% and 30% respectively over 1976. The receipts are increasing more rapidly than expenditures because of the generally increasing number of participating local governments, number of active members, and compensation paid members. The large percentage increase in both receipts and expenditures during the year 1977 over the year 1976 was a one-time occurrence caused by the initial participation of the County of Forsyth and the City of Winston-Salem in the Local System with the accompanying transfer of assets and existing pensioners. Chart 16 shows the relationships of the various sources of receipts to total receipts and of the various purposes of disbursements to total disbursements. Statements of changes in Reserve Balances for the Employee Reserve, the Annuitant Reserve, and the Employer Reserve for the 1977 and 1976 plan years are shown in Schedules F-1, F-2 and F-3 respectively.

The latest Actuary's Valuation Balance Sheet for the Local System, as of December 31, 1977 is shown in Schedule F-4. The valuation is based on the projected benefit method with aggregate level normal cost and frozen accrued liability with gains and losses reflected in the normal rate. The asset valuation method is based on cost value. The actuarial economic assumptions are an interest rate of 6% per year and compatible future rates of salary increase. The assumed rates for mortality, withdrawal, disability, and service retirement are based on actual experience.

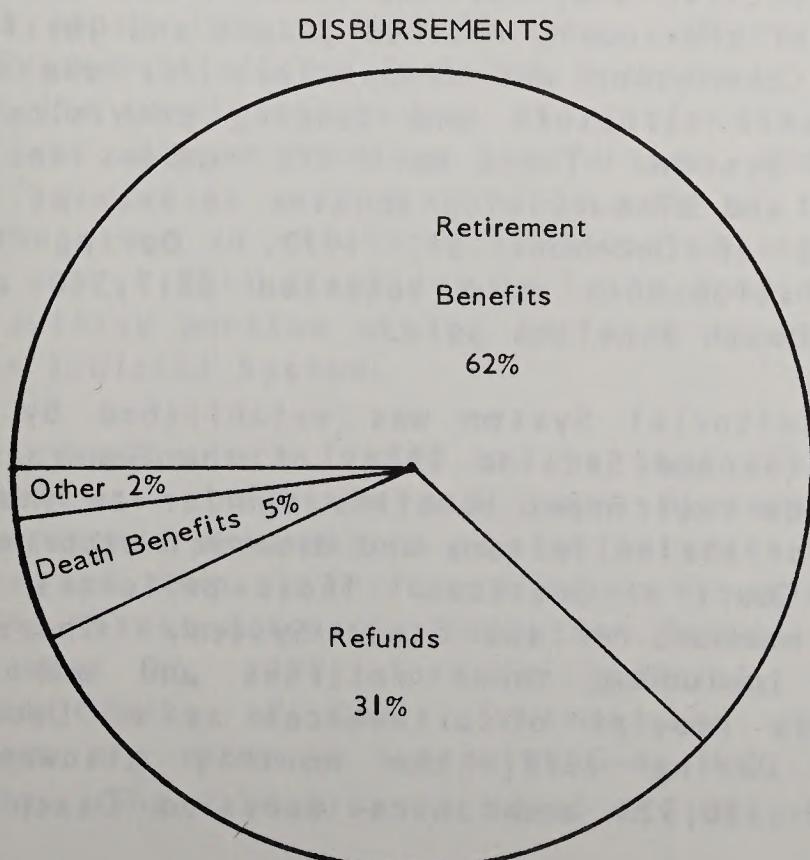
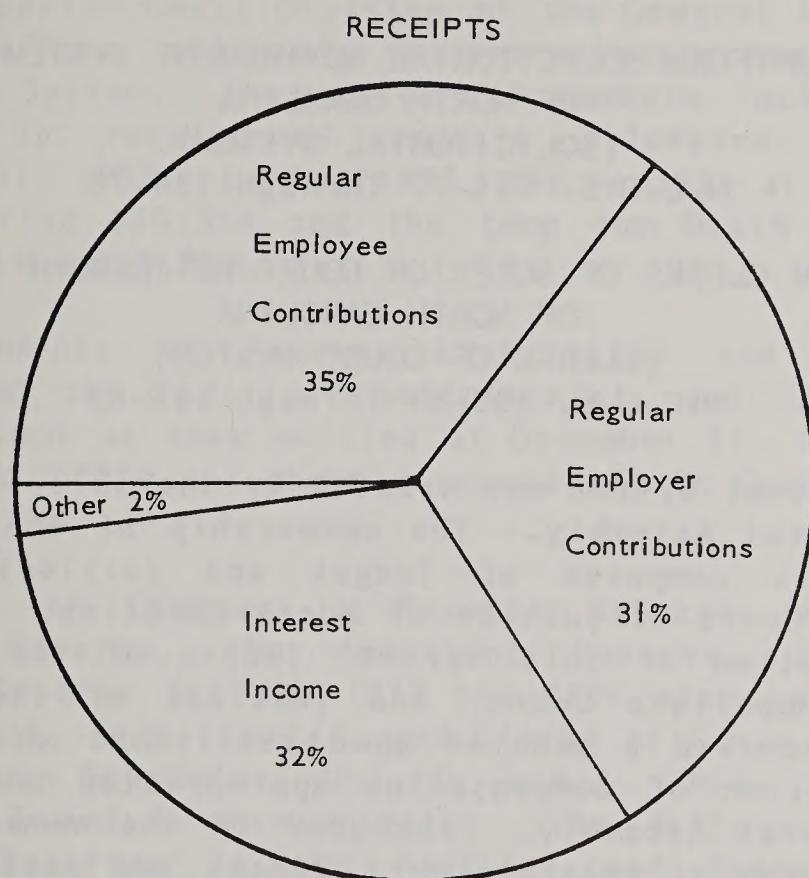
Based on the Actuary's Valuation, the Board of Trustees set the employer normal contribution rate of 4.00 percent of covered payroll with an individual employer

accrued liability contribution rate for every employer for a total employer contribution rate of covered payroll for each participating local government.

Chart 15
DISTRIBUTION OF INVESTMENTS – December 31, 1977
Local System



RECEIPTS AND DISBURSEMENTS - 1977
Local System



UNIFORM JUDICIAL RETIREMENT SYSTEM OF NORTH CAROLINA
(JUDICIAL SYSTEM)
N.C.G.S. 135-50 Through 135-71

UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
(SOLICITORIAL SYSTEM)
N.C.G.S. 135-77 Through 135-78

UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
(CLERKS OF COURT SYSTEM)
N.C.G.S. 135-84 Through 135-85

The Judicial System was created by the 1973 Session of the General Assembly. The membership of the Judicial System is composed of judges and justices of the General Court of Justice of North Carolina. Prior to the creation of this System, judges of the Superior Court, Appellate Court, and justices of the Supreme Court received a pension upon retirement which was a continuation of compensation appropriated annually by the General Assembly. Included in the membership of this System as retirees were judges and justices previously retired and, for the first time, the surviving spouses of previously retired judges and justices. The Courts' Commission was responsible for the design of the benefit structure and funding provisions of the Judicial System. There were 278 members including 48 retirees and 27 surviving spouses in receipt of allowances as of December 31, 1977. During 1977, the monthly allowances paid totalled \$817,310 and there were no Death Benefits paid.

The Solicitorial System was established by the 1973 Session (Second Session 1974) of the General Assembly to provide retirement benefits similar to the Judicial System for the solicitors and district attorneys of the General Court of Justice. These officials were previously members of the State System. There were 41 members including three retirees and one surviving spouse in receipt of allowances as of December 31, 1977. During 1977, the monthly allowances paid totalled \$50,923 and there were no Death Benefits paid.

The Clerks of Court System was created by the 1975 Session of the General Assembly to provide retirement benefits similar to the Judicial System for all Clerks of the Superior Court Division of the General Court of Justice. These officials were previously members of the State System. There were 110 members including 9 retirees in receipt of monthly allowances as of December 31, 1977. During 1977, the monthly allowances paid totalled \$60,355 and the lump sum Death Benefit paid totalled \$13,308.

The Statements of Assets, Liabilities and Reserve Balances of the Judicial, Solicitorial, and Clerks of Court Systems as they existed at December 31, 1977 and December 31, 1976 are shown respectively in Exhibits G, H, and I.

Statements of Changes in Reserve Balances for the Employee Reserve, the Annuitant Reserve, and the Employer Reserve for the 1977 and 1976 plan years for the Judicial, Solicitorial, and Clerks of Court Systems are shown in Schedules G-1, 2, and 3, H-1, 2 and 3 and I-1, 2 and 3 respectively. The deficit in the Employer Reserves in the Judicial and Solicitorial Systems shown in Schedules G-3 and H-3 are primarily due to the short life of the Systems. Moreover, the Judicial System initially included previously retired judges and the surviving spouses of previously retired judges without advance funding; and further, additional prior service credits were granted to some of the members and there was an unfavorable actuarial experience during the year. This liability is being funded in the accrued liability portion of the employer contribution rate in the Judicial System.

These three systems are funded on the same level full funding basis as the State and Local Systems. The actuarial economic assumptions are an interest rate of 5% per year and compatible future rates of salary increase. The latest Actuary's Valuation Balance Sheet, as of December 31, 1977, for the Judicial, Solicitorial, and Clerks of Court Systems are shown in Schedules G-4, H-4, and I-4 respectively. The valuation is based on the projected

benefit method with aggregate level normal cost and open-end accrued liability.

Based on the actuary's report, the Board of Trustees set the employer contribution rate at a percentage of covered payroll and the period to fund the remaining accrued liability for each system as follows:

Chart 17
CONTRIBUTION RATE AND FUNDING PERIOD

<u>System</u>	<u>Employer Contribution Rate</u>	<u>Funding Period</u>
Judicial	31.46%	36 years
Solicitorial	24.21%	34 years
Clerks of Court	28.63%	35 years

LEGISLATIVE RETIREMENT FUND
(FUND)
N.C.G.S. 120-4.1 Through 120-4.2

The Fund was created by the 1969 Session of the General Assembly as a retirement plan for members and elected officers of the North Carolina General Assembly. The Fund was abolished, prospectively, by the 1973 Session (Second Session 1974). The abolishing Act preserved the vested and inchoate rights of the members in the Fund so that all members and former members of the General Assembly who had qualified by virtue of service as of 1974 are still in receipt of monthly allowances or may apply for and receive monthly allowances at age 65. There were 63 former members and officers of the General Assembly in receipt of allowances with a cost in the year ended December 31, 1977 of some \$102,850. This cost is funded by a contribution of 5% of compensation paid by members at retirement and an annual general fund appropriation made to the General Assembly.

The Fund is not operated as a retirement fund, but as a governmental general fund. The Statement of Assets, Liabilities and Fund Balances as they existed on December 31, 1977 and December 31, 1976 is shown in Exhibit J. The Statement of Changes in the Fund Balance for the years ended 1977 and 1976 is shown in Schedule J-1.

HEALTH BENEFITS PROGRAM FOR TEACHERS AND
STATE EMPLOYEES
(HEALTH PROGRAM)
N.C.G.S. 135-32 Through 135-36

The Health Program was created by the 1971 Session of the General Assembly to provide a two-part program consisting of hospital and medical care benefits and disability salary continuation benefits.

Hospital and medical care benefits have been provided by contract with Blue Cross and Blue Shield of North Carolina since July 1, 1972. Eligible subscribers (i) include all permanent and full-time teachers and State employees, and (ii) retired teachers, State employees and their surviving spouses. The contract for hospital and medical care benefits is determined by the Board of Trustees in a process of competitive proposals and negotiations. The individual subscriber cost for active teachers and State employees is currently fully funded by the employer as provided by General Assembly appropriations bills. Dependent coverage is available at an additional cost to the individual. The carrier premiums are paid to and claims handled by the carrier.

The composition of the health and medical care benefits coverage group as of the last quarter in the calendar years ended 1977 and 1976 was as follows:

Chart 18
BENEFITS MEMBERSHIP

	<u>1977</u>	<u>1976</u>
Number of Employees	178,740	171,819
Number of Employees' Dependents	209,568	207,244
Number of Retirees	16,836	12,882
Number of Retirees' Dependents	14,513	11,253
Total Covered	<u>419,657</u>	<u>403,198</u>

Premiums paid to the carrier and claims paid to subscribers by the carrier during the calendar years 1977 and 1976 were as follows:

Chart 19
PREMIUMS AND CLAIMS PAID

	<u>1977</u>	<u>1976</u>
Premiums	\$75,307,022	\$57,493,820
Claims Paid	\$65,524,105	\$58,951,829

Disability salary continuation benefits are self-insured and administered by the Health Program. The North Carolina Employee Disability Fund was established to guarantee these benefits and was funded for a period of three years, from July 1, 1972 to June 30, 1975, at the rate of \$3 per month per employee paid by the employers. In 1975, the General Assembly suspended the employer contribution so that an unnecessarily large fund would not accumulate. Since that time, benefits have continued to be paid from the investment earnings and accumulated reserves. In 1977, for the first time, the benefit payments exceeded the investment earnings and the difference was paid from the accumulated reserves.

The number of disabled members, number of new claims during the year, the claims closed during the year, investment earnings, and amount of benefit payments during the calendar years ended 1977 and 1976 are as follows:

SELECTED STATISTICS

	<u>1977</u>	<u>1976</u>
Number of Disabled Members	899	677
New Claims During the Year	1,169	676
Claims Closed During the Year	1,012	606
Investment Earnings	\$1,197,581	\$1,237,545
Amount of Benefit Payments	\$1,775,613	\$1,229,499

The Statement of Assets, Liabilities and Fund Balances of the North Carolina Employee Disability Fund as they existed on December 31, 1977 and 1976 is shown in Exhibit K with the Statement of Changes in the Fund Balance for the same shown in Schedule K-1. The Actuary's Valuation Balance Sheet as of the year ended December 31, 1977 is shown in Schedule K-2.

PUBLIC EMPLOYEES' SOCIAL SECURITY AGENCY
(SOCIAL SECURITY AGENCY)
N.C.G.S. 135-19 Through 135-26

The Social Security Agency administers the State's responsibility under the Social Security Agreement between the State of North Carolina and the Secretary of Health, Education, and Welfare of the United States entered into on July 16, 1951. This Agreement was executed pursuant to authority in Section 218 of the Federal Social Security Act and Article 2, Chapter 135 of the General Statutes of North Carolina.

The provisions of the Agreement require the Social Security Agency to provide the mechanics of coverage for the State and its qualified political subdivision, to collect and transmit employee and employer contributions, and to act as liaison between the State and the Social Security Administration.

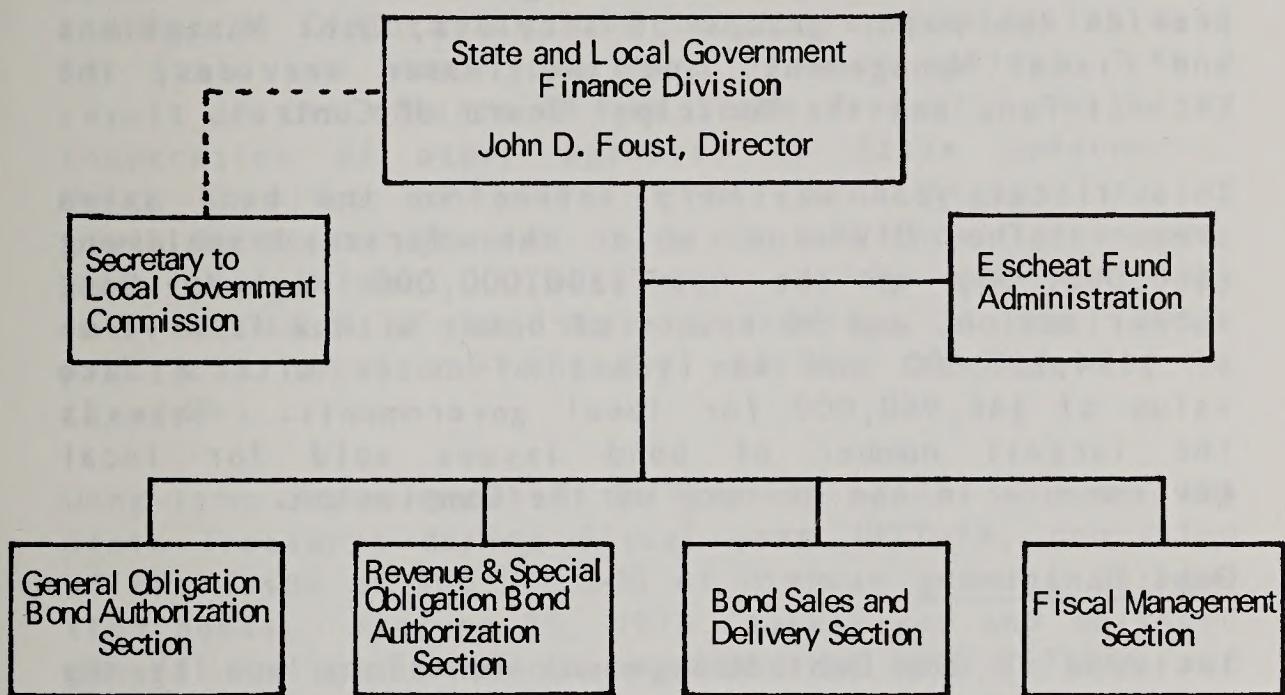
During the calendar year ended December 31, 1977, the Social Security Agency remitted \$305,400,098 in employee and employer social security contributions from 1,350 State and local government coverage units for more than 345,000 public employees in North Carolina.

The Statement of Assets and Liabilities and the Statement of Receipts and Disbursements of the Social Security Agency for the year ended December 31, 1977 are shown in Exhibit L and Schedule L-I respectively.

THE STATE AND LOCAL GOVERNMENT FINANCE DIVISION

Chart 21

ORGANIZATION



The State and Local Government Finance Division (the Division) provides the State Treasurer with staff assistance in the sale and administration of the general obligation debt of the State. It also provides the necessary staff to the Local Government Commission in the accomplishment of its statutory functions as described below.

The Local Government Commission (the Commission) is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five other appointees (three by the Governor, one by the Lieutenant Governor and one by the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who, as Director of the Division, supervises the staff assigned to the Commission.

The major functions of the Commission are: 1) approval, sale and management of local government debt,

and 2) oversight and technical assistance to units in matters of fiscal management. (These are described below in the appropriate sections.)

The Division is organized along functional lines to provide two major groups of services, Debt Management and Fiscal Management, and two lesser services, the Escheat Fund and the Municipal Board of Control.

This fiscal year was very active in the bond sales area. The Division sold the first installment (\$60,000,000) of the new \$300,000,000 Highway Bond authorization, and 56 issues of bonds with a face value of \$134,757,500 and 48 issues of notes with a face value of \$46,960,000 for local governments. This is the largest number of bond issues sold for local governments in the history of the Commission.

Debt Management

Included in the Debt Management functions are 1) the sale and servicing of State debt secured by taxes, and 2) the evaluation of proposed bond sales, the preparation of Official Statements and the Sale of local government debt. Monitoring of debt service on local government debt for the Commission is also an important responsibility.

State Debt

The State Treasurer is responsible for the issuance and servicing of all State bonds and notes secured by a pledge of the taxing power of the State. This responsibility has increased in recent years both because of an increase in the level and reasons for which bonds are issued and because of the increase in the requirements for disclosure with respect to State and local government bond issues. After approval of the bond issue, the Division assists the State Treasurer 1) to determine, after consultation with other State agencies, the cash needs and most appropriate time for scheduling sales, 2) to prepare, with the advice and cooperation of bond counsel, the Official Statement describing the bond issue and other required disclosures about the State, 3) in the actual sale and delivery of the bonds, and 4) to service the bonds by

insuring that interest and principal payments are made on a timely basis.

The State Treasurer represents the State in all presentations to Moody's Investor Service, Inc. and Standard and Poor's Corporation, the two national agencies used for State and local government finance ratings. As a result of the efforts of the State Treasurer, with the cooperation of other agencies of State government, North Carolina continues to have the highest rating given by these agencies to State and local government debt obligations. This high rating has kept the interest cost of our State borrowings at the lowest practical level and thereby provided savings to our taxpayers.

Long-term State general obligation bonds sold by the State Treasurer during fiscal year 1977-78, consisted of one issue of \$60,000,000 of Highway general obligation bonds. At June 30, 1978, authorized and unissued general obligation bonds amounted to \$563,267,000 and general obligation bonds outstanding amounted to \$673,030,000. See Exhibit M and accompanying schedules for details.

The Division also markets special obligation bonds for certain State agencies. Bonds were sold for the North Carolina Medical Care Commission to finance hospitals in the State in the amount of \$137,045,000. The North Carolina Medical Care Commission Bonds are debts of the State, but are not general (full faith and credit) obligations. The indebtedness is payable solely from revenues produced from the facilities, and are not secured by taxes of any kind. These bonds are included in Schedule M-4, "Revenue Bonds and Other Indebtedness of State Authorities and Institutions."

Local Government Debt

The Commission is responsible for the approval, sale, and delivery of bonded debt for all units of government in North Carolina below the State level. The Commission's approval must be received prior to entering into a contract or agreement to borrow money. The Division provides to the Commission the necessary staff to fulfill its statutory mandate.

Prior to receiving a bond application, the Division works with the unit to determine the amount of bonds needed and the effect which that issue will have on future debt requirements of the unit. The Commission approves a bond issue only after it determines from information received that the proposed bonds meet all statutory requirements.

After a bond authorization is approved by the Commission and, if required, by the voters, the unit may sell the bonds. The Division assists each unit in scheduling the bond sales at the most appropriate time and in making presentations to Standard and Poor's Corporation and Moody's Investor Services, Inc. for retaining or upgrading the "bond rating" of the unit. The Division prepares the Official Statement related to the general obligation bond offerings, presides over the bidding arrangements to sell the bonds, and also makes the delivery of the bonds.

Records are maintained of each unit's debt which indicates yearly debt service requirements. Reports of debt service requirements are made to each unit in May to assist the unit in its budget preparation and approximately one month before each debt service payment is required to be made. Actual payment by the units is monitored through monthly reports.

In addition to the general obligation bonds sold, the Division also markets special obligation bonds for governmental units and for County Industrial Facility and Pollution Control Financing Authorities. These bonds are not general (full faith and credit) obligations but are payable solely from revenues produced from the project or facility financed and are not secured by taxes of any kind.

The bonds sold for local governmental units during the 1977-78 fiscal year are shown in Chart 22.

Fiscal Management

The Division provides many fiscal management services to local units of government. Assistance and counsel are given in the areas of budget preparation, accounting

systems and practices, treasury and cash management, investment policies and procedures, and general management. Most assistance is rendered to a unit as the result of requests from the unit for help, but other units needing assistance are indicated through the examination and analysis of the annual audited financial statement and other required reports. Comparative financial statements used by the Debt Management function in its Official Statements are prepared from the audit reports for those governmental units planning to sell bonds. Educational programs, in the form of workshops or classes, are provided by the Division. In addition, there is active participation by Division personnel in the governmental accounting courses for certified public accountants sponsored by the North Carolina Association of Certified Public Accountants.

Considerable help is provided to units by the issuance of uniform accounting system manuals for such entities as municipalities, counties and public authorities; publications on audit programs and fixed asset inventory; and numerous special memoranda as the need becomes apparent. Significant projects completed during the fiscal year 1977-78 were:

1. Development of course - Local Government Update, a continuing professional education course sponsored by the North Carolina Association of Certified Public Accountants, was authored and co-led by Division personnel. Local Government Forum was updated and presented. These courses cover governmental accounting, especially for certified public accountants working with North Carolina municipalities, counties and other political subdivisions.
2. Uniform Local Government Management Audit Guide - This publication was developed by a national accounting firm under an ARC grant and issued to help governmental units assess the practices and procedures they are to plan for and control the use of their resources - money, people, materials, equipment and facilities.
3. Special memoranda - Among the subjects discussed were unemployment compensation, fiscal year 1978-79 budget preparation, unit representation letter to

the auditor, statistical information based upon semiannual reports from the units, and the recognition of fines and forfeitures as school revenue.

Analysis of the financial strength of the various governmental units continued to be provided by a review of the annual audited financial statements and the semi-annual reports on the status of deposits, investments, tax rate and tax collections. Letters were written to units having weak fiscal areas and showing non-conformance with the Local Government budget and Fiscal Control Act.

Continuing special projects include work with the public schools in the areas of school food service and individual school accounting, and a uniform accounting system manual for school administrative units. Sample footnotes, revision of proforma statements for municipalities and schools, new proforma statements for counties, and school accounting are under development to assist the independent auditors working with local governmental units.

Municipal Board of Control

The Municipal Board of Control is a statutory agency composed of the Secretary of the Commission and the Chairmen of the Senate and House Committees Local Government, serving ex officio, and two elected officials appointed by the Governor, one from a county, the other from a municipality. The Board has the power under Article IA of Chapter 160-A of the General Statutes to issue corporate charters to new municipalities which qualify under the statute.

During the 1977-78 fiscal year, the Board received and processed an application to incorporate the Village of Pinehurst. After the public hearings, the Board issued a Charter to Pinehurst, subject to a successful referendum before October 1, 1978. During the summer, the referendum was held. Since the vote was against the incorporation, the charter became void.

The Escheat Fund

The Escheat Fund was transferred to the Department of State Treasurer from the University of North Carolina on July 1, 1971. The Escheat Fund receives unclaimed real and personal property which has either been unclaimed for a stated period of time or whose previous owner has died leaving no will and no heirs under the North Carolina Intestate Succession Act. The income received from the monies realized from escheated property is transferred to the State Education Assistance Authority (SEAA), for use in aiding needy students. The Escheat Fund must hold all escheated monies and property for a period of seven years subject to the claim of refund by the rightful owners. At the end of the seven year period, the assets will be transferred to the SEAA-Escheat Trust Fund. The income of this trust fund will be used in the same manner as the income from the Escheat Fund. The principal of the trust fund may be pledged as security for bonds issued by the SEAA.

During the 1977-78 fiscal year, the Escheat Fund continued to increase the rate at which escheats are received and income is earned. Income earned showed a substantial increase due both to the increase in the amounts available for investment and to the increase in the market rates of return on those investments. Net income transferred to the SEAA in the 1977-78 fiscal year amounted to \$799,733, an increase of 42 percent over the 1976-77 fiscal year. The financial statements for the fiscal year 1977-78 are shown in Exhibit N.

BONDS AND NOTES SOLD
FISCAL YEAR 1977-78

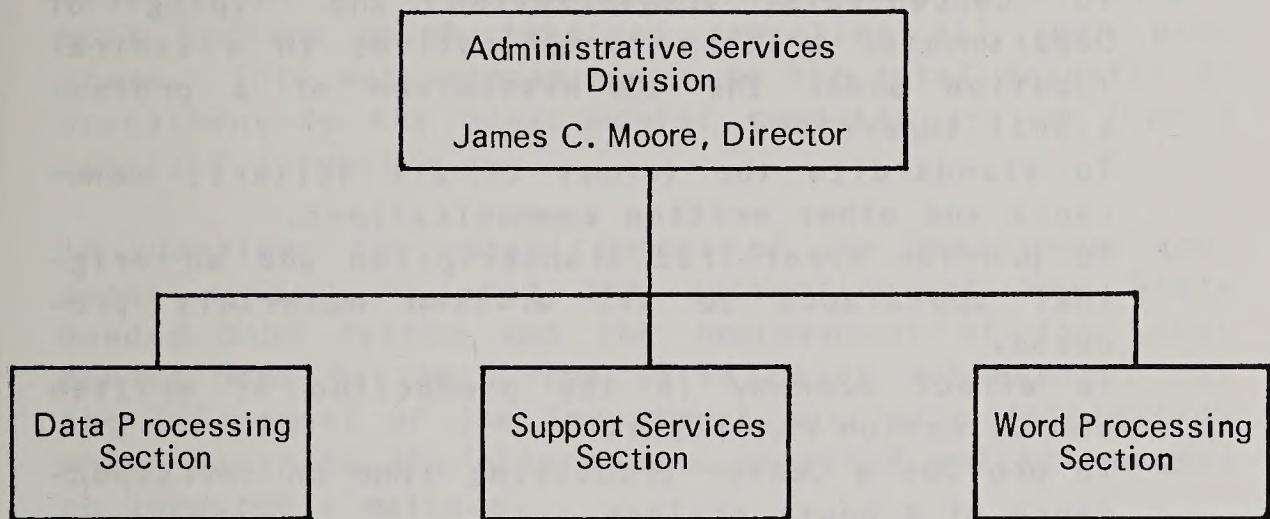
-38-

<u>G.O. Bonds</u>	<u>Schools</u>	<u>Utilities</u>	<u>Hospital</u>	<u>Other</u>	<u>Total</u>
					<u>No. Amount</u>
Counties	27,750,000	7,293,500	22,135,000	9,175,000	17 66,353,500
Municipalities		47,631,000		12,650,000	35 60,281,000
Other		3,840,000			2 3,840,000
Total	27,750,000	58,764,500	22,135,000	21,825,000	54 130,474,500
 <u>Revenue Bonds</u>					
Utilities		4,283,000			
Total Bonds	27,750,000	63,047,500	22,135,000	21,825,000	56 134,757,500
 <u>Notes</u>					
Bond Anticipation	43	42,680,000			
Grant Anticipation	3	3,650,000			
Tax Anticipation	1	400,000			
Revenue Bond Anticipation	1	230,000			
Total	48	46,960,000			
 <u>Financing Authorities</u>					
Industrial Facility and Pollution Control Bonds	20	54,000,000			

ADMINISTRATIVE SERVICES DIVISION

Chart 23

ORGANIZATION



General Overview

The Administrative Services Division is the supporting arm of the Department of State Treasurer. Logistic and administrative functions are performed for all divisions of the Department on a regular, routine and recurring basis, while special staff and technical activities are undertaken as requirements dictate. Among the routine functions of the Office are the Departmental mail, supply and procurement, and messenger services. Personnel management and the Departmental budget are major responsibilities of the Division. During the fiscal year, which ended on June 30, 1978, the amount of the budget requirement was \$3,461,850. For budget detail see Exhibit 0.

The Division operates two automated electronic services, which are important in the discharge of the Departmental responsibilities. Presented below are reports on both the word processing operations and the data processing operations, as well as a report on specialized and technical services provided by the Division.

Word Processing

In January, a Departmental Word Processing Center was established. The objectives of the Center are:

- To concentrate transcription and typing of Departmental written communications in a central location under the administration of a professional supervisor.
- To standardize the format of all letters, memoranda and other written communications.
- To provide error-free transcription and an original appearance to all written materials produced.
- To effect economy in the production of written communication materials.
- To provide a Center processing time on correspondence of 4 hours or less.
- To obviate the necessity for handwritten drafts by using a central dictation system.

The Word Processing Center became operational on June 2, following installation of two processing machines with video display screens and high speed printers and two rotary connected dictation recorders. Access to the dictation system is through any telephone in the Department. A three-phase acquisition schedule was developed which projected acquisition and utilization of four word processing machines over a period of 12 months. The projection incorporates employment of four operators and one supervisor as necessary to accomplish the written communication workload of the Department. Additionally, the acquisition of a vari-type machine or photo-composer, which would be compatible with the software of the word processor, is envisioned as an integral part of phase three.

While the Center has been in operation only one month, its services have been in heavy demand. During the month, which was basically a training period, some 1,839 documents, aggregating 37,265 printed lines, were produced, using two operators. In addition, many forms, form letters, and basic statistical formats were stored in the electronic memory.

Data Processing

During the fiscal year, the Data Processing Section was involved in the planning and development of future Departmental needs. The major efforts included the redesign of the computerized programs for the Retirement Systems which involved rewriting all such programs. This was necessary due to the total transfer of operations to the Departmental computer system from a contract situation.

In addition, the establishment of the Department computer system fostered the automation of the State Bonded Debt System and the improvement of the Local Bonded Debt System. The third major achievement was the refinement of the investment portfolio information which enhanced the program and provided quicker access on investment matters.

Greater utilization of the in-house computer, which was installed in 1975, has produced significant improvements in the timeliness and quality of reports. Significant cost savings have been realized over the previous mode of operation. The savings were utilized in reprogramming and expansion efforts.

Special and Technical Operations

Special operations of the Division vary widely in scope and in activity. These range from comprehensive studies to relatively simple preparation of training materials and the development of guides, policies and directives.

Among the more substantive matters accomplished during the fiscal year are these:

- Conducted an in-depth evaluation of the operations of the Retirement and Health Benefits Division. A report of findings in the form of a Management Audit was published. The findings were used as a basis for a comprehensive functional and administrative reorganization of the Division. The major facets of the plan will extend into the succeeding fiscal year.

- Developed and published an Annual Report of the State Treasurer. This report was unique in two regards: first, it represented a departure from the previous procedure of publishing the report on a biennial basis; and, second, the report consolidated all divisional reports, which previously were published separately.
- Established a history program. The initial historical report covers a 2-year period, July 1, 1976 to June 30, 1978. Hereafter, the report will be prepared on an annual basis. The newly activated history file is designed to be wide in scope and broad in coverage. It will chronicle those events, occasions, decisions and policies which have historical significance and research value.
- Instituted monthly divisional activity reports, which are prepared by each Division Director and submitted to the Treasurer. The reports serve the immediate informational needs of the Treasurer and provide a convenient repository of useful information. Consolidated monthly copies are maintained in the active files and are subsequently placed in the annual history folder.
- Prepared a study to determine the feasibility of a Word Processing Center. The plan proposed by the study was approved by the Treasurer; the results of its implementation have been described previously.
- Completed a fixed asset inventory for the Department. The inventory will be placed on the computer and will be maintained in a current status at all times.
- Established a full-time personnel office, which has contributed to an improved personnel program. Advances in the interchange of information and the standardization of procedures are noteworthy. The following developments have contributed to the quality of the personnel program:

- ... Publication of a Personnel Handbook;
- ... Distribution of a digest of supervisory responsibilities;
- ... Enhancement of employee cross-training;
- ... Institution of a recurring program of training for supervisors;
- ... Implementation of a program of special and general employee training;
- ... Development of a comprehensive program of orientation for new employees; and
- ... Preparation of an employee evaluation system. This is currently in the final stages of development. It will be ready for implementation by January 1, 1979.

At June 30, there were 179 personnel authorized and 172 personnel assigned within the Department. The employment distribution and the position allocations are depicted in the accompanying charts.

The programs and services of the Administrative Services Division have provided substantial support to the operations of all divisions within the Department, and, thus, have contributed to the effective and efficient performance of the functional responsibilities of the State Treasurer.

EMPLOYMENT DISTRIBUTION

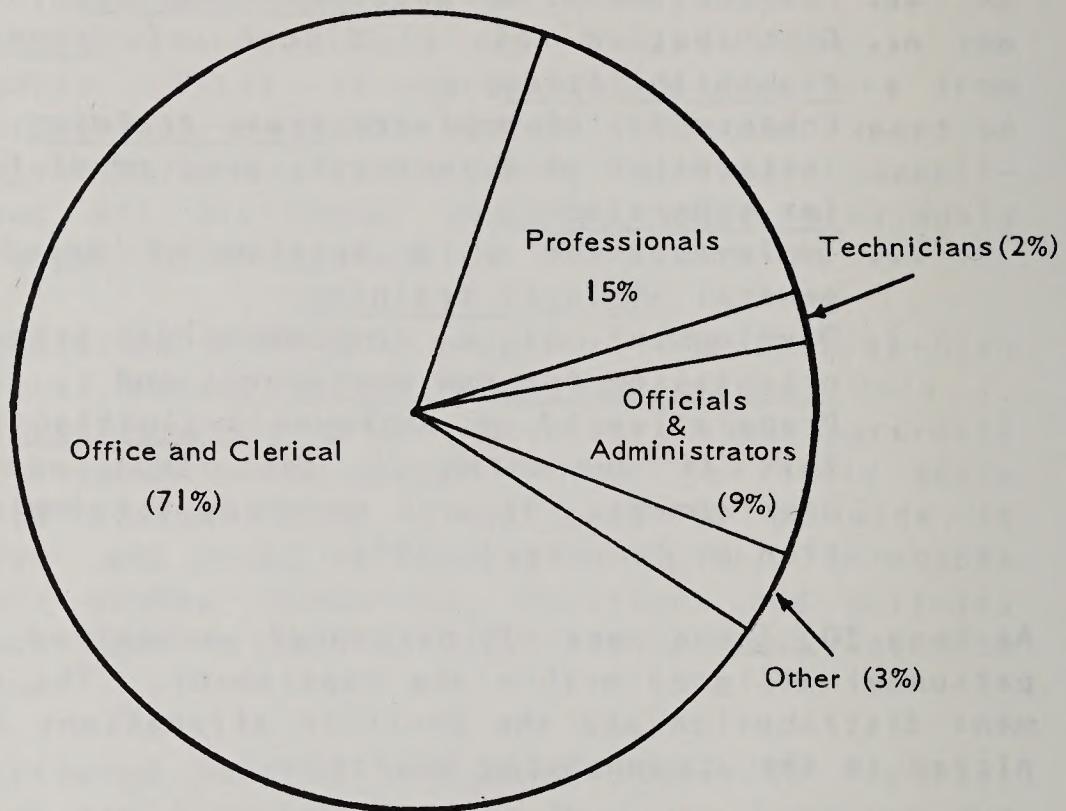
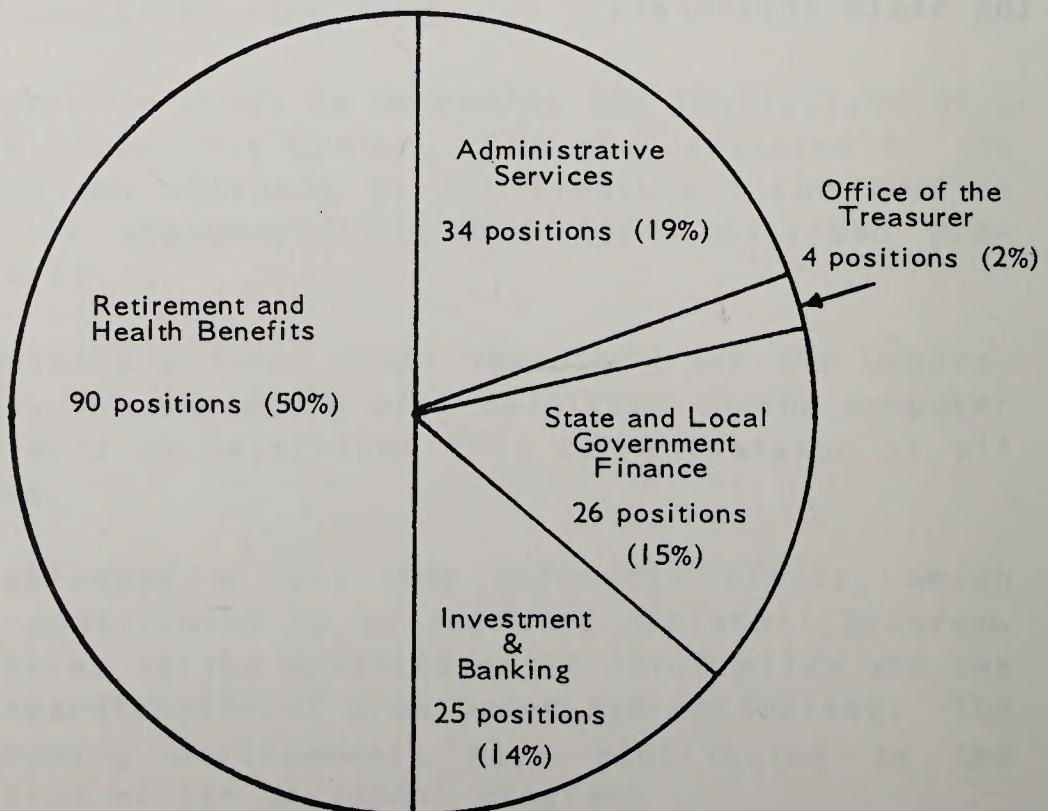


Chart 25

ALLOCATION OF AUTHORIZED POSITIONS



EXHIBITS AND SUPPORTING STATEMENTS
TABLE OF CONTENTS

Exhibit No.	<u>Designation</u>	<u>Page</u>
A	Statement of Current Asset Position.	45
A-1	Agency, Department and Institution	
	Collection Accounts and Time Deposits. . . .	46
A-2	Treasurer's Clearing Accounts.	60
A-3	Investment of Cash Balances.	60
B	Interest Rates Charged for Savings	
	Certificates and Certificates of Deposit . . .	61
C	Statement of Trust Fund Investments.	62
D	Statement of Securities Held in Trust.	64
E	Teachers' and State Employees' Retirement System of North Carolina, Statement of Assets, Liabilities and Reserve Balances . . .	66
E-1	Statement of Changes in Employee Reserve . .	67
E-2	Statement of Changes in Annuitant Reserve. .	68
E-3	Statement of Changes in Employer Reserve . .	69
E-4	Actuary Valuation Balance Sheet.	70
F	North Carolina Local Govermental Employees' Retirement System, Statement of Assets, Liabilities and Reserve Balances	71
F-1	Statement of Changes in Employee Reserve . .	72
F-2	Statement of Changes in Annuitant Reserve. .	73
F-3	Statement of Changes in Employer Reserve . .	74
F-4	Actuary Valuation Balance Sheet.	75
G	Uniform Judicial Retirement System of North Carolina Statement of Assets, Liabilities and Reserve Balances	76
G-1	Statement of Changes in Employee Reserve . .	77
G-2	Statement of Changes in Annuitant Reserve. .	78
G-3	Statement of Changes in Employer Reserve . .	79
G-4	Actuary Valuation Balance Sheet.	80
H	Uniform Solicitorial Retirement System of North Carolina, Statement of Assets, Liabilities and Reserve Balances	81
H-1	Statement of Changes in Employee Reserve . .	82
H-2	Statement of Changes in Annuitant Reserve. .	83
H-3	Statement of Changes in Employer Reserve . .	84
H-4	Actuary Valuation Balance Sheet.	85

STATEMENT OF CURRENT ASSET POSITION
June 30, 1978

Assets

Agency and Institution Collection Accounts (Schedule A-1)	\$ 17,004,071.97
Treasurer's Clearing Accounts (Schedule A-2)	44,654,861.61
Time Deposits (Schedule B-1)	309,151,000.00
Treasurer's Investments (Schedule A-3)	760,332,636.25
Difference Account	-0-
Clearings in Process	<u>2,343,326.89</u>
	<u>\$1,133,485,896.72</u>

Fund Cash Balances

Disbursing Accounts	\$ 215,233,763.41
Investment Clearing Accounts	(31,804,526.77)
General Fund	314,638,434.47
Special Funds	150,288,599.99
Highway Funds	282,467,861.85
Capital Improvement Funds	<u>202,661,763.77</u>
	<u>\$1,133,485,896.72</u>

SCHEDULE A-1

AGENCY, DEPARTMENT AND INSTITUTION COLLECTION ACCOUNTS
AND TIME DEPOSITS
June 30, 1978

	COLLECTION ACCOUNTS	TIME DEPOSITS
Aberdeen, The Carolina Bank	8,902.47	100,000.00
Aberdeen, First Security Savings & Loan Assoc.		
Ahoskie, Tarheel Bank & Trust Co.	13,073.51	
Ahoskie, The Planters National Bank & Trust Co.	11,129.77	
Ahoskie, Wachovia Bank & Trust Co., N.A.	1,752.87	
Albemarle, Cabarrus Bank & Trust Co.	14,376.01	
Albemarle, North Carolina Federal Savings & Loan Assoc.		
Albemarle, The First National Bank of Albemarle	14,264.39	100,000.00
Ansonville, American Bank & Trust Co.	4,665.16	1,500,000.00
Asheboro, The First National Bank of Randolph Co.	13,906.78	
Asheboro, First Peoples Savings & Loan Assoc.		
Asheboro, The Planters National Bank & Trust Co.	17,180.75	2,800,000.00
Asheboro, Wachovia Bank & Trust Co., N.A.	6,754.42	100,000.00
Asheville, Appalachian Savings & Loan, Inc.		
Asheville, Carolina Federal Savings & Loan Assoc.		
Asheville, First Union National Bank of N.C.	27,829.89	100,000.00
Asheville, The Bank of Asheville	14,545.47	2,200,000.00
Asheville, Western Carolina Bank & Trust Co.		850,000.00
Banner Elk, North Carolina National Bank		100,000.00
Bath, Southern Bank & Trust Co.	866.25	

Bayboro, Wachovia Bank & Trust Co., N.A.	4,515.76
Beaufort, First Citizens Bank & Trust Co.	1,824.00
Beth Haven, Southern Bank & Trust Co.	800,000.00
Belmont, The Bank of Belmont	1,485,000.00
Biscoe, The Fidelity Bank	141,000.00
Black Mountain, The Bank of Asheville	8,470.74
Black Mountain, The Northwestern Bank	12,138.56
Boone, Bank of North Carolina, N.A.	13,218.53
Boone, The Northwestern Bank	183,799.64
Boone, Watauga Savings & Loan Assoc.	100,000.00
Booneville, Commercial & Savings Bank	100,000.00
Brevard, First State Savings & Loan Assoc.	100,000.00
Brevard, First Union National Bank of N.C.	19,631.86
Burlington, Bank of North Carolina, N.A.	12,040.78
Burlington, Burlington National Bank	1,100,000.00
Burlington, Community Federal Savings & Loan Assoc.	100,000.00
Burlington, The Morris Plan Industrial Bank	300,000.00
Burlington, The Northwestern Bank	400,000.00
Burlington, Wachovia Bank & Trust Co., N.A.	12,545.07
Burnsville, The Northwestern Bank	10,610.39
Butner, Central Carolina Bank & Trust Co.	60,830.56
Candor, The Bank of Candor	317.45
Canton, First Citizens Bank & Trust Co.	13,000.13
Canton, First Union National Bank of N.C.	4,613.04
Carolina Beach, Bank of North Carolina, N.A.	1,914.80
Carthage, Citizens Savings & Loan Assoc.	100,000.00
Cary, Branch Banking Trust Co.	462.87
Cary, The Carolina Bank	11,211.12

Catawba, Peoples Bank	1,190,000.00
Chapel Hill, Central Carolina Bank & Trust Co.	409,598.25
Chapel Hill, North Carolina National Bank	1,100,720.62
Charlotte, City National Bank	2,750,000.00
Charlotte, First Citizens Bank & Trust Co.	12,880.63
Charlotte, First Federal Savings & Loan, Inc.	100,000.00
Charlotte, First Union National Bank of N.C.	20,000,000.00
Charlotte, Home Federal Savings & Loan Assoc.	100,000.00
Charlotte, Metrolina National Bank	890,000.00
Charlotte, North Carolina National Bank	127,219.62
Charlotte, Peoples Savings & Loan Assoc.	100,000.00
Cherryville, Cherryville National Bank	735,000.00
Clayton, First Citizens Bank & Trust Co.	563.95
Clinton, First Citizens Bank & Trust Co.	6,362.19
Clinton, First Union National Bank of N.C.	11,568.48
Clyde, Clyde Savings & Loan Assoc.	100,000.00
Columbia, The East Carolina Bank	140,000.00
Concord, Citizens National Bank	6,257.62
Concord, Concord Kannapolis Savings & Loan	100,000.00
Concord, First Union National Bank of N.C.	128.80
Concord, Piedmont Bank & Trust Co.	400,000.00
Concord, The Concord National Bank	1,500,000.00
Cornelius, First Union National Bank of N.C.	286,000.00
Creswell, The East Carolina Bank	404.04
Danbury, The Northwestern Bank	4,843.67
Davidson, Piedmont Bank & Trust	1,100,000.00
Dobson, The Northwestern Bank	2,505.99
Dobson, Peoples Bank	5,885.77

Dunn, First Citizens Bank & Trust Co.	9,086.61	100,000.00
Dunn, First Federal Savings & Loan Assoc.		100,000.00
Dunn, Home Savings & Loan Assoc. of Dunn		100,000.00
Dunn, Waccamaw Bank & Trust Co.	13,803.66	13,000,000.00
Durham, Central Carolina Bank & Trust Co.	15,258.48	600,000.00
Durham, Guaranty State Bank		800,000.00
Durham, Liberty Bank & Trust Co.	138,060.37	765,000.00
Durham, Mechanics & Farmers Bank		100,000.00
Durham, Mutual Savings & Loan Assoc.		10,646.49
Durham, Wachovia Bank & Trust Co., N.A.	4,632.78	4,632.78
Eden, North Carolina National Bank	11,933.54	11,933.54
Eden, Southern National Bank of North Carolina		500,000.00
Edenton, The Bank of Eden		10,689.80
Edenton, Peoples Bank & Trust Co.		100,000.00
Elizabeth City, Albemarle Savings & Loan Assoc.	43,270.71	43,270.71
Elizabeth City, First Union National Bank of N.C.	14,580.01	14,580.01
Elizabeth City, Peoples Bank & Trust		6,553.87
Elizabethtown, Bank of North Carolina, N.A.	8,777.07	8,777.07
Elizabethtown, Wachovia Bank & Trust Co., N.A.		100,000.00
Elkin, Mutual Savings & Loan Assoc.		14,391.84
Elkin, The Northwestern Bank		300,000.00
Enfield, Yadkin Valley Bank & Trust Co.		100,000.00
Enfield, Enfield Savings & Loan Assoc.		425,000.00
Englehardt, The East Carolina Bank		1,992.62
Fairfield, The East Carolina Bank		62.00
Faison, Branch Banking & Trust Co.		5,789.94
Farmville, First Union National Bank of N.C.		3,667.53
Fayetteville, Branch Banking & Trust Co.		

Fayetteville, First Citizens Bank & Trust Co.	11,527.38	100,000.00
Fayetteville, Home Federal Savings & Loan Assn.	21,535.00	895,000.00
Fayetteville, North Carolina National Bank		
Fayetteville, The Cumberland Bank		
Forest City, Independence National Bank	9,047.39	100,000.00
Forest City, The Northwestern Bank		
Franklin, First Union National Bank of N.C.	16,510.84	100,000.00
Franklin, Franklin Savings & Loan		
Fuquay-Varina, The Carolina Bank	7,855.61	850,000.00
Gaston, Carolina State Bank	215.00	100,000.00
Gaston, First Citizens Bank & Trust Co.		
Gaston, First Stock Savings & Loan Corp.		
Gaston, Gastonia Mutual Savings & Loan Assoc.		
Gaston, Independence National Bank	50,691.54	3,000,000.00
Gatesville, Tarheel Bank & Trust		
Goldsboro, American Savings & Loan Assoc.		
Goldsboro, Branch Banking & Trust Co.	8,373.41	100,000.00
Goldsboro, First Citizens Bank & Trust Co.	28,928.01	100,000.00
Goldsboro, First Federal Savings & Loan Assoc.		
Goldsboro, Wachovia Bank & Trust Co., N.A.	20,032.15	2,500,000.00
Granite Falls, Bank of Granite		
Granite Falls, Granite Falls Savings & Loan		
Granite Quarry, Farmers & Merchants Bank		
Greensboro, American Federal Savings & Loan		
Greensboro, Community Bank of Carolina		
Greensboro, First Citizens Bank & Trust Co.		
Greensboro, First Union National Bank of N.C.		
Greensboro, Gate City Savings & Loan Assoc.	30,263.74	100,000.00

Greensboro, Gateway Bank	1,800,000.00
Greensboro, Greensboro National Bank	46,756.19
Greensboro, North Carolina National Bank	280,000.00
Greenville, Home Savings & Loan Assoc.	253,540.44
Greenville, North Carolina National Bank	100,000.00
Greenville, The First State Bank	100,000.00
Greenville, The Planters National Bank & Trust Co.	10,976.13
Greenville, Wachovia Bank & Trust Co., N.A.	8,304.02
Greenville, Branch Banking & Trust Co.	19,541.83
Halifax, Branch Banking & Trust Co.	252,785.10
Hamlet, First Southern Savings & Loan Assoc.	541.16
Havelock, Bank of North Carolina, N.A.	100,000.00
Henderson, North Carolina National Bank	6,928.23
Henderson, Southern National Bank of North Carolina	7,261.38
Hendersonville, Community Savings & Loan Assn.	10,193.48
Hendersonville, First Union National Bank of N.C.	15,075.25
Hendersonville, The Northwestern Bank	12,927.39
Hertford, Peoples Bank & Trust Co.	8,753.38
Hickory, Fidelity Federal Savings & Loan Assoc.	100,000.00
Hickory, The First National Bank of Catawba Co.	9,183.77
Hickory, The Northwestern Bank	10,325.21
Highlands, First Union National Bank of N.C.	5,275.64
Highlands, Mountain Federal Savings & Loan Assoc.	100,000.00
High Point, Central Savings Bank	350,000.00
High Point, High Point Bank & Trust Co.	22,697.68
High Point, North Carolina National Bank	2,500,000.00
High Point, Perpetual Savings & Loan Assoc.	100,000.00
High Point, Wachovia Bank & Trust Co., N.A.	19,378.30
Hope Mills, First Citizens Bank & Trust Co.	9,595.64

Jacksonville, Bank of North Carolina, N.A.	8,955.58
Jacksonville, First Citizens Bank & Trust Co.	6,454.27
Jefferson, The Northwestern Bank	210.80
Kannapolis, Cabarrus Bank & Trust Co.	8,244.53
Kenansville, Waccamaw Bank & Trust Co.	6,824.46
Kenly, Kenly Savings & Loan Assoc.	100,000.00
Kernersville, The Northwestern Bank	5,327.69
King, Peoples Bank of North Carolina	100,000.00
King, United Savings & Loan Assoc.	100,000.00
Kings Mountain, Home Savings & Loan Assoc.	100,000.00
Kinston, East Federal Savings & Loan Assoc.	100,000.00
Kinston, First Citizens Bank & Trust Co.	19,006.54
Kinston, First Financial Savings & Loan Assoc.	100,000.00
Kinston, Mutual Savings & Loan Assoc.	100,000.00
Kinston, Wachovia Bank & Trust Co., N.A.	7,183.78
Laurinburg, Wachovia Bank & Trust Co., N.A.	7,714.44
Lenoir, Citizens Savings & Loan Assoc.	100,000.00
Lenoir, Mutual Savings & Loan Assoc.	100,000.00
Lenoir, The Bank of Granite	5,552.78
Lenoir, First Union National Bank of N.C.	3,043.46
Lewiston, Tarheel Bank & Trust Co.	215.10
Lexington, First Union National Bank of N.C.	16,179.34
Lexington, Lexington State Bank	15,132.19
Lexington, Perpetual Savings & Loan Assoc.	2,200,000.00
Lillington, Bank of North Carolina, N.A.	100,000.00
Lillington, Southern National Bank of N.C.	3,632.20
Lincolnton, Carolina First National Bank	4,790.31
Lincolnton, First Citizens Bank & Trust Co.	10,047.22
	17,330.00

Lincolnton, First Federal Savings & Loan Assoc.	100,000.00
Lincolnton, First Southern Savings & Loan Assoc.	100,000.00
Louisburg, Waccamaw Bank & Trust Co.	13,133.79
Lumberton, First Union National Bank of N.C.	16,160.65
Lumberton, Robeson Savings & Loan Assoc.	100,000.00
Lumberton, Southern National Bank of N.C.	11,000,000.00
Macclesfield, Southern Bank & Trust Co.	100,000.00
Madison, Madison Savings & Loan Assoc.	100,000.00
Madison, Peoples Bank of N.C.	6,742.01
Madison, The Northwestern Bank	5,316.34
Manteo, Planters National Bank & Trust Co.	11,944.58
Manteo, The East Carolina Bank	494.41
Marion, First Union National Bank of N.C.	14,684.70
Marion, North Carolina National Bank	230,000.00
Marion, The Northwestern Bank	18,694.40
Marshall, First Union National Bank of N.C.	91.43
Marshall, The Northwestern Bank	10,271.90
Mocksville, Branch Banking & Trust Co.	6,672.26
Mocksville, Central Carolina Bank & Trust Co.	5,746.28
Mocksville, Mocksville Savings & Loan Assoc.	100,000.00
Monroe, American Bank & Trust Co.	18,328.84
Monroe, Heritage Savings & Loan Assoc.	100,000.00
Monroe, Security Bank & Trust Co.	18,487.47
Mooresville, Carolina First National Bank	500,000.00
Mooresville, Mooresville Federal Savings & Loan Assoc.	100,000.00
Mooresville, Piedmont Bank & Trust Co.	12,940.19
Morehead City, First Citizens Bank & Trust Co.	17,140.29
Morehead City, Wachovia Bank & Trust Co., N.A.	18,833.63

Morganton, Morganton Savings & Loan Assoc.	100,000.00
Morganton, North Carolina National Bank	8,600.77
Morganton, The Northwestern Bank	75,086.36
Morganton, Wachovia Bank & Trust Co., N.A.	58,937.35
Mount Airy, The Northwestern Bank	18,730.76
Mount Gilead, Southern National Bank of N.C.	262.55
Mount Holly, Mutual Building & Savings Assoc.	100,000.00
Mount Olive, Mount Olive Savings & Loan Assoc.	100,000.00
Mount Olive, Southern Bank & Trust Co.	350,000.00
Mount Pleasant, Piedmont Bank & Trust Co.	1,086.11
Murphy, First Union National Bank of N.C.	11,744.47
Murphy, Wachovia Bank & Trust Co., N.A.	13,324.69
New Bern, Branch Banking & Trust Co.	5,130.46
New Bern, First Citizens Bank & Trust Co.	6,854.37
New Bern, First Federal Savings & Loan Asoc.	100,000.00
New Bern, North Carolina National Bank	21,367.63
Newton, The First National Bank of Catawba Co.	30,339.03
Newton, The Northwestern Bank	1,000,000.00
Newton Grove, First Citizens Bank & Trust Co.	80.00
North Wilkesboro, First Citizens Bank & Trust Co.	19,208.20
North Wilkesboro, North Wilkesboro Savings & Loan Assoc.	100,000.00
North Wilkesboro, The Northwestern Bank	23,002.25
Oxford, The Planters National Bank & Trust Co.	17,910,000.00
Oxford, The Union National Bank	5,760.20
Pembroke, First Union National Bank of N.C.	4,984.26
Pembroke, Lumbee Bank	6,999.37
Pilot Mountain, Bank of Pilot Mountain	15,177.32
Pilot Mountain, Farmers Bank	1,288.75
	200,000.00

Pineville, American Bank & Trust Co.	249.99
Plymouth, Branch Banking & Trust Co.	5,877.31
Plymouth, Plymouth Savings & Loan Assoc.	100,000.00
Plymouth, The Planters National Bank & Trust Co.	11,337.90
Raeford, Raeford Savings & Loan Assoc.	100,000.00
Raeford, The Bank of Raeford	10,932.82
Raleigh, Capitol National Bank	700,000.00
Raleigh, Carolina Federal Savings & Loan Assoc.	100,000.00
Raleigh, First Citizens Bank & Trust Co.	1,878,624.04
Raleigh, Mechanics & Farmers Bank	12,512.60
Raleigh, North Carolina National Bank	1,035,686.54
Raleigh, Raleigh Savings & Loan Assoc.	45,000,000.00
Raleigh, State Bank of Raleigh	100,000.00
Raleigh, The Fidelity Bank	1,500,000.00
Raleigh, Wachovia Bank & Trust Co., N.A.	655,000.00
Reidsville, First National Bank of Reidsville	9,143,907.13
Reidsville, Mutual Savings & Loan Assoc.	1,000,000.00
Reidsville, Wachovia Bank & Trust Co., N.A.	100,000.00
Roanoke Rapids, The Planters National Bank & Trust Co.	7,543.54
Robbinsville, Wachovia Bank & Trust Co., N.A.	19,118.42
Rockingham, Richmond County Bank	7,712.78
Rockingham, Richmond Savings & Loan	12,864.91
Rocky Mount, Builders Federal Savings & Loan Assoc.	1,000,000.00
Rocky Mount, Citizens Savings & Loan Assoc.	100,000.00
Rocky Mount, Home Savings & Loan Assoc.	100,000.00
Rocky Mount, Peoples Bank & Trust Co.	100,000.00
Rocky Mount, Planters National Bank & Trust Co.	5,550.40
Roxboro, Central Carolina Bank & Trust Co.	2,250,000.00
	10,051.19
	5,737.77

Roxboro, First Union National Bank of N.C.	18,075.59	100,000.00
Roxobel, Southern Bank & Trust Co.		400,000.00
Rural Hall, Commercial Farmers Bank		
Rutherfordton, Independence National Bank	7,852.26	
Rutherfordton, The Northwestern Bank	7,912.12	100,000.00
Saint Pauls, First Union National Bank of N.C.	13,354.43	
Salisbury, Citizens Savings & Loan Assoc.	9,612.53	
Salisbury, First Union National Bank of N.C.	8,074.66	
Salisbury, Security Bank & Trust Co.		1,300,000.00
Sanford, Mid-South Bank & Trust Co.	7,750.93	
Sanford, Southern National Bank of N.C.	11,808.89	4,378,000.00
Sanford, The Carolina Bank	1,092.40	100,000.00
Scotland Neck, Home Savings & Loan Assoc.	13,077.46	
Seven Springs, Southern Bank & Trust Co.		
Shallotte, Waccamaw Bank & Trust Co.		
Shelby, Cleveland Savings & Loan Assoc.		
Shelby, First National Bank	10,946.91	100,000.00
Shelby, Independence National Bank	12,656.41	1,450,000.00
Siler City, First Union National Bank of N.C.		
Smithfield, First Citizens Bank & Trust Co.	18,786.83	
Smithfield, First Federal Savings & Loan Assoc.	12,052.06	
Smithfield, First National Bank of Smithfield	10,844.11	
Smithfield, Peoples National Bank		
Snow Hill, First Citizens Bank & Trust Co.	944.17	
Southern Pines, First Federal Savings & Loan of Moore Co.		100,000.00
Southern Pines, First Union National Bank of N.C.		300,000.00
Southern Pines, Southern National Bank & Trust Co.	10,463.13	
Southport, Security Savings & Loan Assoc.		100,000.00

Southport, Waccamaw Bank & Trust Co.	841.75
Sparta, The Northwestern Bank	8,585.53
Spindale, Independence National Bank	4,991.98
Spruce Pine, The Northwestern Bank	15,507.60
Statesville, North Carolina National Bank	11,021.28
Statesville, Security Federal Savings & Loan Assoc.	100,000.00
Statesville, The Northwestern Bank	100,000.00
Sunbury, Farmers Bank of Sunbury	370,000.00
Swansboro, First Citizens Bank & Trust Co.	956.49
Swan Quarter, The East Carolina Bank	1,248.00
Sylva, Wachovia Bank & Trust Co., N.A.	68,347.79
Tarboro, Edgecombe Bank & Trust Co.	19,552.66
Tarboro, Edgecombe Homestead & Loan Assoc.	1,261,000.00
Tarboro, North Carolina National Bank	100,000.00
Tarboro, Tarboro Savings & Loan Assoc.	7,541.62
Taylorville, Taylorsville Savings & Loan Assoc.	100,000.00
Taylorville, The Northwestern Bank	100,000.00
Thomasville, Home Savings & Loan Assoc.	13,975.28
Thomasville, North Carolina National Bank	6,996.99
Troy, Bank of Montgomery	15,251.21
Troy, The Fidelity Bank	2,302.44
Tryon, North Carolina National Bank	12,726.10
Valdese, Western Carolina Savings & Loan Assoc.	140,000.00
Wadesboro, American Bank & Trust	100,000.00
Wadesboro, The First National Bank of Anson Co.	500,000.00
Wake Forest, Wake Forest Savings & Loan Assoc.	450,000.00
Wallace, Branch Banking & Trust Co.	100,000.00
Walnut Cove, Peoples Bank of N.C.	7,055.10
	5,194.35

Walnut Cove, The Northwestern Bank	4,676.03
Warrenton, Branch Banking & Trust Co.	5,383.36
Washington, Home Savings & Loan Assoc.	
Washington, North Carolina National Bank	100,000.00
Washington, Seaboard Savings & Loan Assoc.	234,000.00
Waynesville, First Union National Bank of N.C.	100,000.00
Weaverville, First Union National Bank of N.C.	
Weldon, Branch Banking & Trust Co.	288.66
Weldon, Weldon Savings & Loan Assoc.	6,588.34
West Jefferson, The First National Bank	100,000.00
Whiteville, Columbus National Bank	14,138.68
Whiteville, Pioneer Savings & Loan Assoc.	300,000.00
Whiteville, Southern National Bank of N.C.	100,000.00
Whiteville, Waccamaw Bank & Trust Co.	
Wilkesboro, Wilkes Savings & Loan Assoc.	6,453.15
Williams, Branch Banking & Trust Co.	14,462.16
Wilmingtton, North Carolina National Bank	9,500,000.00
Wilmingtton, Peoples Savings & Loan	100,000.00
Wilmingtton, Wachovia Bank & Trust Co., N.A.	6,016.11
Wilson, Atlantic Savings & Loan Assoc.	14,813.05
Wilson, Branch Banking & Trust Co.	8,476.27
Wilson, First Union National Bank of N.C.	17,153.94
Windsor, Southern Bank & Trust Co.	6,694.11
Winston Salem, First Carolina Savings & Loan Assoc.	100,000.00
Winston Salem, First Union National Bank of N.C.	29,291.80
Winston Salem, Forsyth Bank & Trust Co.	11,611.51
Winston Salem, North Carolina National Bank	32,940.79
Winston Salem, The Northwestern Bank	54.84

Winston-Salem, United Citizens Bank		1,050,000.00
Winston Salem, Wachovia Bank & Trust Co., N.A.		61,000,000.00
Winston Salem, Winston Salem Savings & Loan Assoc.		100,000.00
Woodland, North Carolina National Bank		275,000.00
Yadkinville, Central Carolina Bank & Trust Co., N.A.	37,357.65	
Yadkinville, The Northwestern Bank		1,000,000.00
Yanceyville, The Northwestern Bank		9,560.09
Zebulon, Peoples Bank & Trust Co.		<u>9,072.65</u>
 TOTAL	 <u>17,004,071.97</u>	 <u>309,151,000.00</u>

TREASURER'S CLEARING ACCOUNTS
June 30, 1978

Raleigh, Bank of North Carolina, N. A.	\$ 569,795.56
Raleigh, Branch Banking & Trust Company	1,675,724.32
Raleigh, Capitol National Bank & Trust Company	1,205,466.99
Raleigh, Central Carolina Bank & Trust Company	1,915,425.53
Raleigh, First-Citizens Bank & Trust Company	4,311,860.82
Raleigh, First Union National Bank of North Carolina	4,109,283.62
Raleigh, North Carolina National Bank	6,732,345.48
Unemployment Benefit Account	529,322.31
Unemployment Clearing Account	77,698.43
Raleigh, The Planters National Bank & Trust Company	501,751.44
Raleigh, Southern National Bank of North Carolina	949,455.62
Raleigh, Wachovia Bank & Trust Company, N. A.	4,869,018.27
Debt Service Clearing Account	<u>17,207,713.22</u>
TOTAL	<u>\$ 44,654,861.61</u>

INVESTMENT OF CASH BALANCES
June 30, 1978

Repurchase Agreements (maturing from 7-3-78 to 7-5-78)	\$ 96,000,000.00
U. S. Treasury Bills (maturing from 12-7-78 to 6-26-79)	76,228,232.22
U. S. Treasury Bills (maturing from 8-15-78 to 3-31-80)	490,995,288.75
U. S. Agency Securities (maturing from 7-7-78 to 5-25-79)	97,109,115.27
TOTAL	<u>\$760,332,635.25</u>

**INTEREST RATES CHARGED FOR
SAVINGS CERTIFICATES AND CERTIFICATES OF DEPOSIT
During 1977-78 Fiscal Year**

Rate as of June 30, 1977	5.50 %
<u>Date of Change</u>	<u>Rate</u>
July 18, 1977	5.625%
August 1, 1977	6.00
August 15, 1977	6.125
September 12, 1977	6.375
September 19, 1977	6.25
September 26, 1977	6.375
October 4, 1977	6.50
October 11, 1977	6.625
October 13, 1977	6.875
October 25, 1977	6.75
October 31, 1977	6.625
November 7, 1977	6.75
November 21, 1977	6.625
December 27, 1977	6.75
January 10, 1978	7.125
March 13, 1978	7.00
April 11, 1978	7.125
April 18, 1978	7.00
April 25, 1978	7.125
May 2, 1978	7.25
May 12, 1978	7.375
May 30, 1978	7.50
June 20, 1978	7.625
June 27, 1978	7.75
Rate as of June 30, 1978	7.75 %

STATEMENT OF TRUST FUND INVESTMENTS
At June 30, 1978

	U. S. Treasury Securities	U. S. Agency Securities	Government Insured Or Guaranteed Securities
Retirement Trust Funds:			
Teachers' and State Employees' Retirement System	\$20,404,856	\$ 96,457,519	\$ 93,301,281
Local Governmental Employees' Retirement System	482,311	13,583,209	20,954,558
Law Enforcement Officers' Benefit and Retirement Fund		10,523,944	
North Carolina Firemen's Pension Fund		2,430,467	
Uniform Judicial Retirement System	1,393,145	4,192,271	
Uniform Clerks of Superior Court Retirement System	821,101	1,020,202	
Uniform Solicitorial Retirement System	936,339		
Total Retirement Trust Funds	24,037,752	128,207,612	114,255,839
Other Trust Funds:			
North Carolina Employee Disability Fund	7,499,837	7,894,831	
Public School Insurance Fund	10,867,438		
Escheat Fund	4,288,394	6,948,485	
State Property Fire Insurance Fund	6,717,436	400,250	
North Carolina Education Assistance Authority Trust Fund	3,105,063		
Workmen's Compensation Security Fund - Stock	2,419,672	9,990	
Workmen's Compensation Security Fund - Mutual	1,679,511	9,991	
Warehouse System	730,913		
State Literary Fund	201,519		
LEA Unemployment Benefit Reserve	148,828		
Rodman Trust Fund	100,000		
Total Other Trust Funds	37,758,611	15,263,547	
Total All Trust Funds	\$61,796,363	\$143,471,159	\$114,255,839

GNMA Mortgage- Backed Securities	Corporate Bonds	Equity Securities	Total	Average Yield
\$136,480,990	\$1,988,293,559	\$393,793,451	\$2,728,731,656	7.03
20,238,705	313,338,420	43,754,828	412,352,031	7.23
1,737,675	148,669,257		160,930,876	7.76
	10,102,041		12,532,508	8.23
	499,369		6,084,785	8.38
			1,841,303	7.78
			936,339	7.75
<u>158,457,370</u>	<u>2,460,902,646</u>	<u>437,548,279</u>	<u>3,323,409,498</u>	<u>7.10</u>
			15,394,668	7.94
			10,867,438	7.77
	394,190		11,631,069	7.52
	996,210		8,113,896	7.88
			3,105,063	7.16
			2,429,662	6.77
			1,689,502	6.65
			730,913	7.12
			201,519	8.66
			148,828	7.95
			100,000	7.87
	1,390,400		54,412,558	7.75
<u>\$158,457,370</u>	<u>\$2,462,293,046</u>	<u>\$437,548,279</u>	<u>\$3,377,822,056</u>	<u>7.11</u>

STATEMENT OF SECURITIES HELD IN TRUST
June 30, 1978

Description	Par Value
Securities Held in Safekeeping:	
Atlantic & East Carolina Railroad Company	
Security deposit to insure rental agreement	\$ 50,000.00
Atlantic & North Carolina Railroad Company	
735 shares of Treasury Stock.....	73,500.00
Department of Agriculture:	
Loans to Warehouses	26,200.00
Department of Human Resources:	
Dorothea Dix Hospital - Patient's Fund	45,000.00
Educational Leave & Grant Notes.....	168,861.25
Medical Care Commission	6,334,077.66
Department of Public Education:	
Literary Loan Notes.....	1,514,175.00
Securities Held as Good Faith Deposits:	
North Carolina Department of Agriculture	71,716.35
North Carolina Department of Insurance	80,234,113.33
North Carolina Department of Revenue.....	346,000.00
North Carolina Industrial Commission.....	870,000.00
North Carolina Division of Motor Vehicles.....	318,893.00
Securities Owned by the State:	
(Long term investments)	
North Carolina Railroad Company	
(30,002 shares).....	3,000,200.00
Atlantic & North Carolina Railroad Company	
(12,666 shares).....	1,266,600.00
	<u>\$94,319,336.59</u>

ACTUARIAL TERMS

The terms used in the Actuary's Valuation Balance Sheet are of generally accepted actuarial usage but may not have a similar meaning in everyday usage or when used as accounting terms. The most important of these are:

- A. Present assets of system are the balances of the reserves, i.e. the total assets less recorded liabilities;
 - 1. Annuity Savings Fund is the Employee Reserve;
 - 2. Pension Accumulation Fund is the combined Annuitant and Employer Reserves.
- B. Accrued Liabilities Contributions are the present value of the amounts required to be funded over the future period set by the Board of Trustees for past service credits. This is primarily credit for service rendered prior to the inception of a retirement system but may include effects from legislative increases in benefits.
- C. Liabilities are the present value of all known future claims for benefits or refunds from a retirement system. Present value means the amount necessary to be invested on the valuation date, at the interest rate assumption, to fund known liabilities as they occur in the future.

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA**
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1977 and 1976

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	\$ 982,316	\$ 1,156,152
Receivables:		
Accounts receivable	27,934,134	23,791,038
Interest receivable	42,119,302	34,360,035
	<u>70,053,436</u>	<u>58,151,073</u>
Investments:		
Fixed income - at amortized cost	2,154,526,299	1,835,466,826
Equities - at cost less reserve for losses	397,262,121	399,871,148
	<u>2,551,788,420</u>	<u>2,235,337,974</u>
Total Assets	<u>\$2,622,824,172</u>	<u>\$2,294,645,199</u>
LIABILITIES AND RESERVE BALANCE		
Current liabilities:		
Accounts payable	\$ 33,506	\$ 49,797
Reserve balances:		
Employee Reserves	786,415,542	687,453,060
Annuitant Reserves	1,110,179,410	910,177,817
Employer Reserves	726,195,714	696,964,525
Total Reserve Balances (Net Assets)	<u>2,622,790,666</u>	<u>2,294,595,402</u>
Total Liabilities and Reserve Balances	<u>\$2,622,824,172</u>	<u>\$2,294,645,199</u>

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Employee Contributions - Regular	\$112,386,808	\$101,096,783
Employee Contributions - Other	7,090,054	5,288,344
Interest credited to members' accounts	26,567,984	23,191,132
Transfers from Other Systems	<u>363,517</u>	<u>340,778</u>
Total Additions	<u>146,408,363</u>	<u>129,917,037</u>
Deductions:		
Refunds to members withdrawing	18,359,022	15,739,084
Transfers to Annuitant Reserve	<u>29,086,859</u>	<u>28,723,587</u>
Total Deductions	<u>47,445,881</u>	<u>44,462,671</u>
Net Additions to Reserve	98,962,482	85,454,366
Balance of Reserve at January 1	<u>687,453,060</u>	<u>601,998,694</u>
Balance of Reserve at December 31	<u>\$786,415,542</u>	<u>\$687,453,060</u>

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Transfers from Employee Reserve	\$ 29,086,859	\$ 28,723,587
Transfers from Employer Reserve	222,425,687	117,693,278
Investment Income	60,610,717	43,089,781
Retired members' contributions for Military service, etc.	36,835	34,599
Total Additions	<u>312,160,098</u>	<u>189,541,245</u>
Deductions:		
Monthly payments to beneficiaries	111,171,032	91,864,612
Other payments to beneficiaries	<u>987,473</u>	<u>912,246</u>
Total Deductions	<u>112,158,505</u>	<u>92,776,858</u>
Net Additions to Reserve	200,001,593	96,764,387
Balance of Reserve at January 1	<u>910,177,817</u>	<u>813,413,430</u>
Balance of Reserve at December 31	<u>\$1,110,179,410</u>	<u>\$910,177,817</u>

SCHEDULE E-3

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Year Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Employer Contributions - Regular	\$170,930,789	\$153,787,593
Employer Contributions - Other	2,673,284	1,376,175
Investment Income	77,274,747	74,104,652
Other	<u>6,463,594</u>	<u>355,534</u>
Total Additions	<u>257,342,414</u>	<u>229,623,954</u>
Deductions:		
Transfers to Annuitant Reserve	222,425,687	117,693,278
Death Benefits payable under G. S. 135-5(1)	3,978,871	3,609,080
Administrative Expenses	1,469,347	1,323,939
Other	<u>237,320</u>	<u>116,060</u>
Total Deductions	<u>228,111,225</u>	<u>122,742,357</u>
Net Additions to Reserve	29,231,189	106,881,597
Balance of Reserve at January 1	<u>696,964,525</u>	<u>590,082,928</u>
Balance of Reserve at December 31	<u>\$726,195,714</u>	<u>\$696,964,525</u>

SCHEDULE E-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE TEACHERS' AND STATE
EMPLOYEES' RETIREMENT SYSTEM OF NORTH CAROLINA
AS OF DECEMBER 31, 1977

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 786,415,542
Pension Accumulation Fund	<u>1,836,375,124</u>
Total Present Assets	\$ 2,622,790,666

Present value of future contributions
by members

1,303,163,329

Prospective contributions to the
Pension Accumulation Fund:

Normal contributions	\$ 962,169,052
Accrued liability contributions	<u>1,039,771,187</u>
Total Prospective Contributions	<u>2,001,940,239</u>
Total Assets	\$ 5,927,894,234

LIABILITIES

Present value of past and future contributions
by members to the Annuity
Savings Fund

\$ 2,089,578,871

Present value of benefits payable on account
of beneficiaries or their dependents now
drawing allowances from the Pension
Accumulation Fund

1,110,179,410

Present value of benefits to active members
to be paid by contributions of the State
and other employers into the Pension
Accumulation Fund

2,605,962,384

Reserve for future increases in retirement
allowances

122,173,569

Total Liabilities **\$ 5,927,894,234**

**NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1977 and 1976**

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	\$ 306,888	\$ 902,363
Receivables:		
Accounts receivable	4,899,637	3,730,847
Interest receivable	<u>6,870,986</u>	<u>4,983,991</u>
	<u>11,770,623</u>	<u>8,714,838</u>
Investments:		
Fixed income - at amortized cost	338,893,863	270,686,117
Equities - at cost less reserve for losses	<u>44,140,236</u>	<u>44,430,128</u>
	<u>383,034,099</u>	<u>315,116,245</u>
Total Assets	<u>\$395,111,610</u>	<u>\$324,733,446</u>

LIABILITIES AND RESERVE BALANCE

Current Liabilities:

Accounts payable	\$ 5,341	\$ 4,375
------------------	----------	----------

Reserve Balances:

Employee Reserves	119,496,973	95,315,981
Annuitant Reserves	111,489,138	89,831,327
Employer Reserves	<u>164,120,158</u>	<u>139,581,763</u>
Total Reserve Balances (Net Assets)	<u>395,106,269</u>	<u>324,729,071</u>
Total Liabilities and Reserve Balances	<u>\$395,111,610</u>	<u>\$324,733,446</u>

**NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employee Contributions - Regular	\$ 24,510,579	\$19,476,784
Employee Contributions - Other	5,509,612	214,575
Interest credited to members' accounts	3,611,955	3,044,830
Transfers from other systems	<u>519,789</u>	<u>339,895</u>
Total Additions	<u>34,151,935</u>	<u>23,076,084</u>
Deductions:		
Refunds to members withdrawing	5,695,874	4,494,270
Transfers to Annuitant Reserve	<u>4,275,069</u>	<u>2,821,853</u>
Total Deductions	<u>9,970,943</u>	<u>7,316,123</u>
Net Additions to Reserve	24,180,992	15,759,961
Balance of Reserve at January 1	<u>95,315,981</u>	<u>79,556,020</u>
Balance of Reserve at December 31	<u>\$119,496,973</u>	<u>\$95,315,981</u>

SCHEDULE F-2

**NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Transfers from Employee Reserve	\$ 4,275,069	\$ 2,821,853
Transfers from Employer Reserve	22,687,156	19,090,894
Investment Income	6,039,614	4,061,521
Retired Members' Contributions for Military Service, etc.	<u>3,529</u>	<u>735</u>
Total Additions	<u>33,005,368</u>	<u>25,975,003</u>
Deductions:		
Monthly payments to beneficiaries	11,207,841	8,688,980
Other payments to beneficiaries	<u>139,716</u>	<u>84,226</u>
Total Deductions	<u>11,347,557</u>	<u>8,773,206</u>
Net Additions to Reserve	21,657,811	17,201,797
Balance of Reserve at January 1	<u>89,831,327</u>	<u>72,629,530</u>
Balance of Reserve at December 31	<u>\$111,489,138</u>	<u>\$89,831,327</u>

**NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employer Contributions - Regular	\$ 21,643,280	\$ 17,389,593
Employer Contributions - Other	11,697,660	43,062
Investment Income	14,842,451	13,098,410
Other	<u>416,123</u>	<u>109,107</u>
Total Additions	<u>48,599,514</u>	<u>30,640,172</u>
Deductions:		
Transfers to Annuitant Reserve	22,687,156	19,090,894
Death Benefits payable under G. S. 128-27 (1)	798,092	718,015
Administrative Expenses	347,956	290,666
Other	<u>227,915</u>	<u>274,369</u>
Total Deductions	<u>24,061,119</u>	<u>20,373,944</u>
Net Addition to Reserve	24,538,395	10,266,228
Balance of Reserve at January 1	<u>139,581,763</u>	<u>129,315,535</u>
Balance of Reserve at December 31	<u>\$164,120,158</u>	<u>\$139,581,763</u>

SCHEDULE F-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
NORTH CAROLINA LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
PREPARED AS OF DECEMBER 31, 1977

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 119,496,973
Pension Accumulation Fund	<u>275,609,296</u>
Total present assets	\$ 395,106,269
Present value of future contributions by members	254,011,946
Prospective contributions by participating employers to the Pension Accumulation Fund:	
Normal contributions	\$ 149,899,530
Accrued liability contributions	<u>77,899,306</u>
Total prospective contributions	<u>227,798,836</u>
Total Assets	<u>\$ 876,917,051</u>

LIABILITIES

Present value of benefits on account of past and future contributions of members to the Annuity Savings Fund	\$ 373,508,919
Present value of benefits payable on account of retired members and benefi- ciaries now drawing allowances from the Pension Accumulation Fund	111,489,138
Present value of benefits to active members to be paid by contributions of the participating employers into the Pension Accumulation Fund	375,811,618
Reserve held for future increases to retired members and beneficiaries	<u>16,107,376</u>
Total Liabilities	<u>\$ 876,917,051</u>

**UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA**
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1977 and 1976

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	<u>\$ 308,688</u>	<u>\$ 118,929</u>
Receivables:		
Accounts receivable	188,200	27,503
Interest receivable	<u>119,804</u>	<u>92,799</u>
	<u>308,004</u>	<u>120,302</u>
Investments:		
Fixed income - at amortized cost	<u>5,236,022</u>	<u>4,689,350</u>
Total Assets	<u>\$5,852,714</u>	<u>\$4,928,581</u>

LIABILITIES AND RESERVE BALANCE

Reserve Balances:		
Employee Reserves	\$ 1,603,117	\$ 1,357,356
Annuitant Reserves	7,512,191	6,197,070
Employer Reserves	<u>(3,262,594)</u>	<u>(2,625,845)</u>
Total Reserve Balances (Net Assets)	<u>5,852,714</u>	<u>4,928,581</u>
Total Liabilities and Reserves	<u>\$5,852,714</u>	<u>\$4,928,581</u>

**UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employee Contributions - Regular	\$ 348,566	\$ 311,743
Employee Contributions - Other	13,404	1
Interest credited to members' accounts	49,383	42,265
Transfers from other systems	<u>38,430</u>	<u>-0-</u>
Total Additions	<u>449,783</u>	<u>354,009</u>
Deductions:		
Refunds to members withdrawing	11,731	18,623
Transfers to Annuitant Reserve	<u>192,291</u>	<u>56,194</u>
Total Deductions	<u>204,022</u>	<u>74,817</u>
Net Additions to Reserve	245,761	279,192
Balance of Reserve at January 1	<u>1,357,356</u>	<u>1,078,164</u>
Balance of Reserve at December 31	<u>\$1,603,117</u>	<u>\$1,357,356</u>

UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Transfers from Employee Reserve	\$ 192,291	\$ 56,194
Transfers from Employer Reserve	1,597,408	414,070
Investment Income	342,732	309,257
Retired members' contributions for Military service, etc.	-0-	-0-
Total Additions	2,132,431	779,521
Deductions:		
Monthly payments to beneficiaries	817,310	748,301
Other payments to beneficiaries	-0-	7,341
Total Deductions	817,310	755,642
Net Additions to Reserve	1,315,121	23,879
Balance of Reserve at January 1	<u>6,197,070</u>	<u>6,173,191</u>
Balance of Reserve at December 31	<u>\$7,512,191</u>	<u>\$6,197,070</u>

UNIFORM JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Employer Contributions - Regular	\$ 932,477	\$1,384,410
Employer Contributions - Other	34,000	-0-
Investment Income	(2,376)	(19,451)
Other	75	-0-
Total Additions	<u>964,176</u>	<u>1,364,959</u>
Deductions:		
Transfers to Annuitant Reserve	1,597,408	414,070
Death Benefits payable under G. S. 135-63	87,260	87,260
Administrative Expenses	3,517	3,816
Other	-0-	-0-
Total Deductions	<u>1,600,925</u>	<u>505,146</u>
Net Addition to Reserve	(636,749)	859,813
Balances of Reserve at January 1	(2,625,845)	(3,485,658)
Balance of Reserve at December 31	(\$3,262,594)	(\$2,625,845)

SCHEDULE G-4

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE NORTH CAROLINA UNIFORM
JUDICIAL RETIREMENT SYSTEM
AS OF DECEMBER 31, 1977

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 1,603,117
Pension Accumulation Fund	<u>4,249,597</u>
Total Present Assets	\$ 5,852,714

Present value of future contributions
by members **3,942,522**

Present value of prospective contribu-
tions by the State to the Pension
Accumulation Fund:

Normal contributions	\$ 10,217,703
Accrued liability contributions	<u>14,889,825</u>
Total Prospective Contributions	<u>25,107,528</u>
Total Assets	\$ 34,902,764

LIABILITIES

Present value of past and future contribu-
tions by members to the Annuity Savings
Fund **\$ 5,545,639**

Present value of benefits payable on
account of beneficiaries or their
dependents now drawing allowances from
the Pension Accumulation Fund **7,512,191**

Present value of benefits to or on account
of active members to be paid by contribu-
tions of the State into the Pension
Accumulation Fund **21,073,989**

Reserve for future increases in retirement
allowances **770,945**

Total Liabilities **\$ 34,902,764**

UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1977 and 1976

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	<u>\$ 85,029</u>	<u>\$ 12,382</u>
Receivables:		
Accounts receivable	25,819	4,554
Interest receivable	<u>20,188</u>	<u>19,817</u>
	<u>46,007</u>	<u>24,371</u>
Investments:		
Fixed income - at amortized cost	<u>760,150</u>	<u>682,694</u>
Total Assets	<u>\$891,186</u>	<u>\$719,447</u>

LIABILITIES AND RESERVE BALANCE

Reserve Balances:

Employee Reserves	\$348,774	\$290,964
Annuitant Reserves	606,396	573,144
Employer Reserves	<u>(63,984)</u>	<u>(144,661)</u>
Total Reserve Balances (Net Assets)	<u>891,186</u>	<u>719,447</u>
Total Liabilities and Reserve Balances	<u>\$891,186</u>	<u>\$719,447</u>

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employee Contributions - Regular	\$ 57,525	\$ 51,499
Employee Contributions - Other	3,407	5
Interest credited to members' accounts	11,494	9,825
Transfers from Other Systems	-0-	-0-
Total Additions	<u>72,426</u>	<u>61,329</u>
Deductions:		
Refunds to Members' withdrawing	14,616	17,391
Transfers to Annuitant Reserve	-0-	-0-
Total Deductions	<u>14,616</u>	<u>17,391</u>
Net Additions to Reserve	57,810	43,938
Balance of Reserve at January 1	<u>290,964</u>	<u>247,026</u>
Balance of Reserve at December 31	<u>\$348,774</u>	<u>\$290,964</u>

UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Transfers from Employee Reserve	\$ -0-	\$ -0-
Transfers from Employer Reserve	54,686	36,349
Investment Income	29,489	28,221
Retired members' contributions for Military service, etc.	<u>-0-</u>	<u>-0-</u>
Total Additions	<u>84,175</u>	<u>64,570</u>
Deductions:		
Monthly payments to beneficiaries	50,923	47,120
Other payments to beneficiaries	<u>-0-</u>	<u>-0-</u>
Total Deductions	<u>50,923</u>	<u>47,120</u>
Net Additions to Reserve	33,252	17,450
Balance of Reserve at January 1	<u>573,144</u>	<u>555,694</u>
Balance of Reserve at December 31	<u>\$606,396</u>	<u>\$573,144</u>

**UNIFORM SOLICITORIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employer Contributions - Regular	\$122,916	\$172,500
Employer Contributions - Other	-0-	-0-
Investment Income	13,380	4,563
Other	25	-0-
Total Additions	<u>136,321</u>	<u>177,063</u>
Deductions:		
Transfers to Annuitant Reserve	54,686	36,349
Death Benefits payable under G. S. 135-63	-0-	28,380
Administrative Expenses	958	1,275
Other	-0-	-0-
Total Deductions	<u>55,644</u>	<u>66,004</u>
Net Addition to Reserve	80,677	111,059
Balances of Reserve at January 1	(144,661)	(255,720)
Balance of Reserve at December 31	(\$ 63,984)	(\$144,661)

SCHEDULE H-4

VALUATION BALANCE SHEET

SHOWING THE ASSETS AND LIABILITIES OF THE NORTH CAROLINA UNIFORM
SOLICITORIAL RETIREMENT SYSTEM
AS OF DECEMBER 31, 1977

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 348,712
Pension Accumulation Fund	<u>542,411</u>
Total Present Assets	\$ 891,123

Present value of future contributions
by members 846,036

Present value of prospective contributions by the State to the Pension Accumulation Fund:

Normal contributions	\$ 1,995,235
Accrued liability contributions	<u>1,548,462</u>
Total Prospective Contributions	<u>3,543,697</u>
Total Assets	\$ 5,280,856

LIABILITIES

Present value of past and future contributions by members to the Annuity Savings Fund \$ 1,194,748

Present value of benefits payable on account
of beneficiaries or their dependents now
drawing allowances from the Pension
Accumulation Fund 606,396

Present value of benefits to or on account
of active members to be paid by contributions
of the State into the Pension Accumulation
Fund 3,479,712

Total Liabilities \$ 5,280,856

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1977 and 1976**

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	<u>\$ 241,456</u>	<u>\$ 49,900</u>
Receivables:		
Accounts receivable	49,781	7,980
Interest receivable	<u>21,777</u>	<u>33,377</u>
	<u>71,558</u>	<u>41,357</u>
Investments:		
Fixed income - at amortized cost	<u>1,430,069</u>	<u>1,277,783</u>
Total Assets	<u>\$1,743,083</u>	<u>\$1,369,040</u>
LIABILITIES AND RESERVE BALANCE		
Reserve Balances:		
Employee Reserves	\$ 710,103	\$ 622,547
Annuitant Reserves	805,068	470,868
Employer Reserves	<u>227,912</u>	<u>275,625</u>
Total Reserve Balances (Net Assets)	<u>1,743,083</u>	<u>1,369,040</u>
Total Liabilities and Reserve Balances	<u>\$1,743,083</u>	<u>\$1,369,040</u>

UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYEE RESERVE
For the Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Employee Contributions - Regular	\$101,134	\$ 93,665
Employee Contributions - Other	5,369	9,079
Interest credited to members' accounts	23,970	20,433
Transfers from Other Systems	<u>-0-</u>	<u>3,663</u>
Total Additions	<u>130,473</u>	<u>126,840</u>
Deductions:		
Refunds to members withdrawing	<u>-0-</u>	<u>-0-</u>
Transfers to Annuitant Reserve	<u>42,917</u>	<u>38,024</u>
Total Deductions	<u>42,917</u>	<u>38,024</u>
Net Additions to Reserve	87,556	88,816
Balance of Reserve at January 1	<u>622,547</u>	<u>533,731</u>
Balance of Reserve at December 31	<u>\$710,103</u>	<u>\$622,547</u>

SCHEDULE I-2

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA**
STATEMENT OF CHANGES IN ANNUITANT RESERVE
For the Years Ended December 31, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Additions:		
Transfers from Employee Reserve	\$ 42,917	\$ 38,024
Transfers from Employer Reserve	319,740	451,617
Investment Income	31,898	11,772
Retired members' contributions for Military service, etc.	-0-	-0-
Total Additions	<u>394,555</u>	<u>501,413</u>
Deductions:		
Monthly payments to beneficiaries	60,355	30,545
Other payments to beneficiaries	-0-	-0-
Total Deductions	<u>60,355</u>	<u>30,545</u>
Net Additions to Reserve	334,200	470,868
Balance of Reserve at January 1	<u>470,868</u>	<u>-0-</u>
Balance of Reserve at December 31	<u>\$805,068</u>	<u>\$470,868</u>

**UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
OF NORTH CAROLINA
STATEMENT OF CHANGES IN EMPLOYER RESERVE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employer Contributions - Regular	\$245,287	\$328,015
Employer Contributions - Other	-0-	-0-
Investment Income	41,532	39,240
Other	50	75
Total Additions	<u>286,869</u>	<u>367,330</u>
Deductions:		
Transfer to Annuitant Reserve	319,740	451,617
Death Benefits payable under G. S. 135-63	13,308	15,000
Administrative Expenses	1,534	1,815
Other	-0-	-0-
Total Deductions	<u>334,582</u>	<u>468,432</u>
Net Addition to Reserve	(47,713)	(101,102)
Balance of Reserve at January 1	<u>275,625</u>	<u>376,727</u>
Balance of Reserve at December 31	<u><u>\$227,912</u></u>	<u><u>\$275,625</u></u>

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE NORTH CAROLINA UNIFORM
CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM
AS OF DECEMBER 31, 1977

SCHEDULE I-4

ASSETS

Present assets of system creditable to:

Annuity Savings Fund	\$ 710,103
Pension Accumulation Fund	<u>1,032,981</u>
Total Present Assets	\$ 1,743,084

Present value of future contributions
by members

1,053,468

Present value of contributions by
the State to the Pension Accumulation
Fund:

Normal contributions	\$ 2,730,238
Accrued liability contributions	<u>3,487,093</u>
Total Prospective Contributions	<u>6,217,331</u>
Total Assets	\$ 9,013,883

LIABILITIES

Present value of past and future contributions
by members to the Annuity Savings Fund

\$ 1,763,571

Present value of benefits payable on account
of beneficiaries or their dependents now
drawing allowances from the Pension
Accumulation Fund

805,068

Present value of benefits to or on account
of active members to be paid by contributions
of the State into the Pension Accumulation
Fund

6,445,244

Total Liabilities \$ 9,013,883

**NORTH CAROLINA LEGISLATIVE RETIREMENT FUND
STATEMENT OF ASSETS, LIABILITIES AND RESERVE BALANCES
As of December 31, 1977 and 1976**

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	<u>\$43,661</u>	<u>\$46,491</u>
Total Assets	<u><u>\$43,661</u></u>	<u><u>\$46,491</u></u>
LIABILITIES, RESERVE AND FUND BALANCE		
Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>
Reserve for Contributions	43,119	44,362
Fund Balance	<u>542</u>	<u>2,129</u>
Total Liabilities, Reserve and Fund Balance	<u><u>\$43,661</u></u>	<u><u>\$46,491</u></u>

**NORTH CAROLINA LEGISLATIVE RETIREMENT FUND
STATEMENT OF CHANGES IN THE FUND BALANCE
As of December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Reimbursement from Legislative Services Commission	\$ 99,396	\$ 97,746
Transfers from Reserve for Contributions	<u>3,571</u>	<u>5,604</u>
Total Additions	<u>102,967</u>	<u>103,350</u>
Deductions:		
Monthly payments to Beneficiaries	102,250	99,800
Transfers to Reserve for Contributions for Interest Earned	1,704	1,777
Administrative Expenses	<u>600</u>	<u>600</u>
Total Deductions	<u>104,554</u>	<u>102,177</u>
Net Additions to Fund Balance	(1,587)	1,173
Fund Balance at January 1	<u>2,129</u>	<u>956</u>
Fund Balance at December 31	<u>\$ 542</u>	<u>\$ 2,129</u>

EXHIBIT K

**NORTH CAROLINA EMPLOYEE DISABILITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
As of December 31, 1977 and 1976**

ASSETS	<u>December 31, 1977</u>	<u>December 31, 1976</u>
Cash on deposit with State Treasurer	<u>\$ 39,411</u>	<u>\$ 314,860</u>
Investments	<u>15,690,059</u>	<u>16,021,816</u>
Receivables:		
Accrued Interest Receivable	270,551	259,287
Due from beneficiaries for Overpayment	<u>55,946</u>	<u>38,036</u>
Total Receivables	<u>326,497</u>	<u>297,323</u>
Total Assets	<u>\$16,055,967</u>	<u>\$16,633,999</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -0-	\$ -0-
Fund Balance	<u>16,055,967</u>	<u>16,633,999</u>
Total Liabilities and Fund Balances	<u>\$16,055,967</u>	<u>\$16,633,999</u>

SCHEDULE K-1

**NORTH CAROLINA EMPLOYEE DISABILITY FUND
STATEMENT OF CHANGES IN THE FUND BALANCE
For the Years Ended December 31, 1977 and 1976**

	<u>1977</u>	<u>1976</u>
Additions:		
Employer Contributions	\$ -0-	\$ -0-
Investment Income	<u>1,197,581</u>	<u>1,237,545</u>
Total Additions	<u>1,197,581</u>	<u>1,237,545</u>
Deductions:		
Benefit Payments	<u>1,775,613</u>	<u>1,229,499</u>
Total Deductions	<u>1,775,613</u>	<u>1,229,499</u>
Net Additions to Fund	(578,032)	8,046
Balance of Fund at January 1	<u>16,633,999</u>	<u>16,625,953</u>
Balance of Fund at December 31	<u>\$16,055,967</u>	<u>\$16,633,999</u>

VALUATION BALANCE SHEET AS OF DECEMBER 31, 1977

ASSETS

Present assets	\$ 16,055,967
Present value of prospective contributions	<u>-0-</u>
Total Assets	\$ 16,055,967

LIABILITIES

Present value of reported and approved claim liabilities	\$ 4,028,933
Present value of pending claim liabilities	1,723,219
Present value of incurred but unreported claim liabilities	<u>2,494,556</u>
Total claim liabilities	\$ 8,246,708
Reserve Against Future Employer Contributions	<u>7,809,259</u>
Total Liabilities	\$ 16,055,967

**NORTH CAROLINA PUBLIC EMPLOYEES' SOCIAL SECURITY AGENCY
STATEMENT OF ASSETS AND LIABILITIES
As of December 31, 1977**

ASSETS

Cash on deposit with State Treasurer	\$ 28,006,064
Total Assets	<u>\$ 28,006,064</u>

LIABILITIES

Advance Payments by State Agencies	\$ 27,957,310
Advance Payments by Cities and Counties	47,915
Due to Units for Small Balance Adjustments	839
Total Liabilities	<u>\$ 28,006,064</u>

SCHEDULE L-1

**STATEMENT OF RECEIPTS AND EXPENDITURES
For the Year Ended December 31, 1977**

1977

Additions:

Contributions deducted from payroll and employer matching	<u>\$308,287,708</u>
Total Additions	<u>308,287,708</u>

Deductions:

Payments to United States Treasurer	305,400,098
Refunds to Member Units	46,333
Total Deductions	<u>305,446,431</u>

Net Additions	2,841,277
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Cash on deposit with State Treasurer at January 1	<u>25,164,787</u>
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Cash on deposit with State Treasurer at December 31	<u>\$ 28,006,064</u>
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SUMMARY OF STATE AND LOCAL GOVERNMENT DEBT AND AUTHORIZATIONS
At June 30, 1978

	General Obligation	Revenue Bonds	Total Outstanding Debt	Authorized and Unissued Bonds
State	\$ 671,200,000	\$ 1,830,000	\$ 673,030,000	
State Authorities and Institutions	<u>237,744,875</u>	<u>237,744,875</u>		
	<u>671,200,000</u>	<u>239,574,875</u>	<u>910,774,875</u>	<u>563,267,000</u>
Counties	706,692,000	104,860,000	811,552,000	114,329,500
Cities and Towns	743,255,396	9,839,000	753,094,396	178,177,000
Other Political Subdivisions	<u>33,070,500</u>	<u>17,892,000</u>	<u>50,962,500</u>	<u>4,302,000</u>
	<u>1,483,017,896</u>	<u>132,591,000</u>	<u>1,615,608,896</u>	<u>296,808,500</u>
	<u><u>\$2,154,217,896</u></u>	<u><u>\$372,165,875</u></u>	<u><u>\$2,526,383,771</u></u>	<u><u>\$860,075,500</u></u>

Note: This Exhibit does not include Bond Anticipation Notes

SCHEDULE M-1

OUTSTANDING GENERAL OBLIGATION DEBT
At June 30, 1978

General Fund				
Public School Facilities Bonds				\$255,300,000
Clean Water Bonds				66,000,000
Capital and Public Improvement Bonds				185,900,000
Total General Fund				507,200,000
Highway Fund				
Highway Bonds				164,000,000
Total General and Highway Fund				\$671,200,000

ANNUAL DEBT REQUIREMENTS FOR BONDS ISSUED AND OUTSTANDING
At June 30, 1978

Fiscal Year	GENERAL FUND BONDS		HIGHWAY FUND BONDS		TOTAL BONDS	
	Principal	& Interest	Principal	& Interest	Principal	& Interest
1978-79	\$ 23,900,000		\$ 48,470,000		\$ 23,000,000	\$ 29,596,000
1979-80	24,800,000		48,391,050		22,000,000	27,766,000
1980-81	26,300,000		48,933,700		19,000,000	23,935,500
1981-82	27,500,000		49,027,550		10,000,000	14,265,000
1982-83	27,800,000		48,122,000		10,000,000	13,768,000
1983-84	29,700,000		48,622,000		10,000,000	13,398,000
1984-85	30,700,000		48,104,500		10,000,000	13,014,000
1985-86	30,500,000		46,293,000		10,000,000	12,629,500
1986-87	29,500,000		43,722,500		8,000,000	10,282,500
1987-88	30,500,000		43,084,000		5,500,000	7,473,500
1988-89	30,500,000		41,464,500		4,000,000	5,775,000
1989-90	30,500,000		39,919,500		4,000,000	5,587,000
1990-91	28,500,000		36,430,500		4,000,000	5,399,000
1991-92	25,500,000		32,035,500		4,000,000	5,207,000
1992-93	24,500,000		29,706,500		5,000,000	6,015,000
1993-94	22,500,000		26,489,500		5,000,000	5,770,000
1994-95	22,500,000		25,327,500		5,000,000	5,525,000
1995-96	20,500,000		22,240,000		5,500,000	5,775,000
1996-97	15,000,000		15,785,000			15,000,000
1997-98	3,000,000		3,180,000			3,000,000
1998-99	3,000,000		3,060,000			3,000,000
	<u>\$507,200,000</u>		<u>\$748,408,800</u>			<u>\$164,000,000</u>
						<u><u>\$211,081,000</u></u>
						<u><u>\$671,200,000</u></u>
						<u><u>\$959,489,800</u></u>

SCHEDULE M-3

STATE BONDS AUTHORIZED AND UNISSUED
As of June 30, 1978

Clean Water Bonds of 1972	\$ 40,000,000
Clean Water Bonds of 1977	230,000,000
Public School Facilities Bonds of 1973	35,000,000
Higher Education Capital Improvement Bonds of 1975.	18,267,000
Highway Bonds of 1977	<u>240,000,000</u>
	<u>\$563,267,000</u>

SCHEDULE M-4

REVENUE BONDS AND OTHER INDEBTEDNESS OF STATE
AUTHORITIES AND INSTITUTIONS
At June 30, 1978

North Carolina A & T University	\$ 4,555,000
Appalachian State University	13,361,998
East Carolina University	13,280,000
Elizabeth City State University	2,123,000
Fayetteville State University	3,425,000
North Carolina Central University.	5,121,000
North Carolina State University	15,248,000
North Carolina School of the Arts	412,627(1)
Pembroke State University	1,770,000
University of North Carolina at Asheville	660,000
University of North Carolina at Chapel Hill	14,300,000
University of North Carolina at Charlotte.	12,685,000
University of North Carolina at Greensboro	4,731,000(2)
University of North Carolina at Wilmington	5,624,250
Western Carolina University.	9,318,000
Winston-Salem State University	3,000,000
State Education Assistance Authority	43,025,000
State Ports Authority.	11,400,000
North Carolina Housing Finance Agency	16,160,000
North Carolina Medical Care Commission.	<u>57,545,000</u>
Total.	<u>\$237,744,875</u>

(1) Includes \$227,386 Escheat Loan.

(2) Includes \$90,000 Escheat Loan.

Source: Chief fiscal officer of each authority of institution.

Note: The State has no full faith and credit obligation for the indebtedness shown above. This indebtedness is payable solely from certain revenues, pledged fees and reserves and is not secured by taxes of any kind.

**ESCHEATS FUND
BALANCE SHEET
June 30, 1978**

ASSETS

Cash (Exhibit "C")	\$ 645,187
Investments	11,631,069
Accrued interest receivable	<u>166,456</u>
Total assets	<u>\$12,442,712</u>

LIABILITIES AND RESERVE

Liabilities:

Due to Education Assistance Authority - net income	\$ 799,733
Due to State Treasurer - administrative expense	<u>109</u>
Total liabilities	<u>799,842</u>
Reserve for escheats subject to refund	<u>11,642,870</u>
Total liabilities and reserve	<u>\$12,442,712</u>

SCHEDULE N-1

STATEMENT OF INCOME AND CHANGE IN FUND BALANCE
For Fiscal Year Ended June 30, 1977

Revenue from investments	\$	\$831,557
less Administrative expenses		<u>37,824</u>
Net income for year		799,733
Fund balance at beginning of year	12	
less Audit adjustment	<u>12</u>	-0-
		799,733
less Transfer to State Educational Assistance Authority		<u>799,733</u>
Fund balance at end of year		<u>\$ -0-</u>

SCHEDULE N-2

**STATEMENT OF CHANGES IN RESERVE FOR
ESCHEATS SUBJECT TO REFUND**
For Fiscal Year Ended June 30, 1977

Balance in reserve at beginning of year	\$	\$9,691,978
Audit adjustment to transfer amount in fund balance at beginning of year		12
Adjusted balance beginning of year		9,691,990
Increases:		
Escheats received:		
Estates and Trusts	\$	29,280
Clerks of State courts		355,648
State and national banks		499,911
Savings and loans, credit unions		218,787
Insurance companies		402,826
Public companies		164,492
Money orders, travelers checks		28,912
Government Agencies		289,047
Other	<u>300,278</u>	<u>2,289,181</u>
		11,981,171
Decreases:		
Refunds of escheats		214,843
Write off of net student loan defaults		<u>123,458</u>
Balance in reserve at end of year		<u>\$11,642,870</u>

OPERATING BUDGET
Fiscal Year 1977-78

<u>Division</u>	<u>General Fund Appropriation</u>	<u>Receipts</u>	<u>Total Requirements</u>	<u>Total Expended</u>	<u>Unexpended</u>
Administrative Services:					
General Administration	\$ 230,257	\$ 35,008	\$ 230,257 35,008	\$ 217,584 31,824	\$ 12,673 3,184
Escheat					
TOTAL DIVISION	230,257	35,008	265,265	249,408	15,857
Investment and Banking:					
Investment	180,098	30,044	210,142	189,230	20,912
Banking	400,819	546	401,365	382,382	18,983
TOTAL DIVISION	580,917	30,590	611,507	571,612	39,895
State and Local Government Finance:					
TOTAL DIVISION	567,569	149,407	716,976	626,509	90,467
Retirement and Health Benefits:					
Retirement Operations	1,944,494		1,944,494	1,777,876	166,618
Health Benefits	112,440		112,440	105,683	6,757
Social Security	87,808	45,950	133,758	130,762	2,996
TOTAL DIVISION	200,248	1,990,444	2,190,692	2,014,321	176,371
Reserves for Increments:	1,005	6		1,011	1,011
TOTAL OPERATING BUDGET	\$1,579,996	\$2,205,455			\$3,461,850
					\$323,601

NOTES

NOTES

Date Due

JUN 06 1900

BRODART, INC.

Cat. No. 23 233

Printed in U.S.A.

